OPERA ANNUAL REPORT 2007

OPERA software

The Annual Report for Opera Software ASA contains the following:

The consolidated 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.

Directors' Report

2007: Building momentum and establishing foundation for profitable revenue growth going forward

In 2007, Opera continued to make substantial commercial progress, not only in terms of customer acquisition, but also as far as strengthening its position within the rapidly growing markets it serves and generating profitable revenue growth.

Commercial progress was demonstrated across all business lines. In 2007, more than 40 million mobile phones were shipped with the Opera full browser pre-installed and 63 new phones were announced with Opera pre-installed compared to 37 in 2006. Opera also continued to make significant progress with non-mobile devices, demonstrated fruits of the Company's concerted efforts to invest and focus on this fast-growing segment. During the year, the Opera browser was included on a broad array of consumer electronic products, including set-top boxes, VoIP phones, and gaming consoles.

Opera's progress with Opera Mini was substantial in 2007. Opera Mini is a Java-based Web browser that allows users to access the full Web on mobile phones that would normally be incapable of running a Web browser and at speeds which are 8 to 9 times faster than a normal Web browser. Opera Mini has enabled Opera to expand the size of the market for its mobile browsers. By the end of 2007, since launching in early 2006, more than 35 million users had downloaded and used Opera Mini to surf 13.8 billion Web pages. Active users of Opera Mini surfed 1.6 billion Web pages in December 2007 alone.

Opera also made tremendous progress in the Desktop segment. In 2007, the number of active Opera Desktop users grew by more than 55%, substantially higher than the overall market, enabling Opera to gain market share. User growth, combined with higher average revenue per user (ARPU), led to a 103% increase in revenues in 2007 compared to 2006.

Improved operational execution, as well as very positive industry developments in Opera's core market segments, drove revenues to MNOK 315.5 in 2007, an increase of 48% compared to FY2006, where revenues were MNOK 213.8. Operating expenses increased from MNOK 241.3 to MNOK 304.6, a growth of 26%. EBIT was MNOK 10.9 in FY 2007 compared to MNOK -27.5in FY2006 and Net Income was MNOK 12.5 in FY2007 vs. MNOK -18.2 in FY2006. Operating cash flow was MNOK 36 in 2007 versus MNOK -.1 in 2006.

Strategic focus

Opera's corporate vision is to provide the best Internet experience on any device. Opera's core target customers include mobile phone operators, mobile and device OEMs, and consumers. Throughout 2007, Opera continued to deliver on its vision, with Opera powering the Internet on not only a growing range of mobile phones, but also on a broader array of non-mobile Internet-connected devices. Opera also experienced substantial user growth on the consumer side, in both the Desktop segment and with the Opera branded version of Opera Mini.

Commercial development

Internet Devices

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 Devices also includes Opera Mini revenue from mobile operators such as T-Mobile International and Telefónica as well as revenue generated from the Opera-branded Opera Mini product.

Total revenue from Internet Devices for 2007 was MNOK 248.4 compared to MNOK 180.8 in 2006, an increase of 37%.

Opera Mobile

Shipped on millions of devices from the major mobile phone manufacturers and operators worldwide, the Opera Mobile browser lets users surf the full Web on their mobile phones.

The market for mobile phones with increased functionality showed material growth in 2007. Advanced handsets such as smartphones accounted for an increasingly higher proportion of total mobile phone sales. Opera believes that two main factors will continue to drive the growth for enhanced handsets: the falling cost of building an advanced mobile phone and the operators' demand for increased functionality and better services to make use of faster network speeds.

Revenues from Opera Mobile continued to grow in 2007 as Opera was shipped on an increasing number of handsets among its OEM and operator customers. In 2007, more than 40.8 million phones were shipped with the Opera Mobile browser pre-installed, and 63 phones were announced with Opera pre-installed. This compares to 34 million phones shipped with Opera pre-installed and 37 phones announced in 2006.

Furthermore in 2007, handset manufacturers that included the Opera browser on handsets in 2007 include Motorola, Sony Ericsson, Nokia, Sanyo, ASUS, Samsung, Toshiba, Kyocera, Hitachi, Casio, and Sharp. By the end of 2007, two manufacturers, including HTC, had confirmed that they will ship the upcoming Opera Mobile 9.5. Opera's longstanding partner UIQ, which develops the software platform for devices from Sony Ericsson, also confirmed that it will include Opera Mobile 9.5.

Opera also made substantial progress with mobile phone operators. In 2007, Opera continued to expand its relationship with KDDI. KDDI, the largest 3G operator in Japan and the fastest growing operator in the Japanese market, launched 19 phones featuring the Opera browser in 2007. Three of these handsets include Opera Widgets. Opera also generated meaningful revenue and experienced attractive revenue growth among operators using a customer-branded version of Opera Mini. Major operators using Opera Mini include T-Mobile, Vodafone, TMN, Tata Teleservices, PTC, and Telefónica.

Opera Mini – Business

Opera has comprehensive licensing and services deals with six major operators – T-Mobile International, Vodafone D2, Telefónica Móviles de España, PTC/era (Poland), TMN (Portugal), and Tata Teleservices(India) - using an operator-branded version of the Opera Mini browser as part of their Web-enabled-handset portfolios.

The year 2007 saw continued use of Opera Mini to power customer-branded Internet offerings from Tier One European operators. For example, Opera Mini is a cornerstone in T-Mobile International's web'n'walk program.

In June, Opera Software announced that Vodafone D2 GmbH selected the Opera Mini mobile Web browser to power its new "Handy 2.0" service. The agreement with Vodafone was reached by Opera's reseller partner Bytemobile, Inc. The two companies are jointly powering Vodafone D2`s "Handy 2.0" service.

In the third quarter of 2007, Tata Teleservices, a leading operator in India, selected Opera Mini as the key component of its mobile Web strategy. Tata is the first operator to deploy Opera Mini on BREW. The deal also gives Opera a key partner and strong foothold in the rapidly growing Indian mobile market.

In December, Opera announced that it had made Opera Mini available on Qualcomm's BREW platform. As a result, operators and handset manufacturers will be able to leverage Opera Software's technology to drive feature-rich BREW handsets to the mass market quickly and enable users to access their favorite Web sites from the convenience of their mobile device.

In 2007, the primary driver of revenue for the customer-branded version of Opera Mini, for example T-Mobile and Telefónica, was license/royalty fees, which was driven by the number of active users of Opera Mini by the mobile phone operator customers.

For 2007 as a whole, Opera Mini was pre-installed on 59 handsets.

Opera Mini - Consumer

In 2007, Opera continued developing Opera Mini, a Java-based Web browser that allows users to access the Web on mobile phones that would normally be incapable of running a Web browser. A remote server pre-processes the Web page before sending it to the phone. This makes Opera Mini an attractive solution for phones with limited resources or low bandwidth connections. Opera Mini is available free of charge via WAP and PC download or for a fee via SMS for consumers. Opera also offers Opera- and customer-branded versions of Opera Mini to mobile operators (see "Opera Mini – Business").

The major focus in 2007 was on growing the number of Opera Mini users, increasing usage, and adding to the product's capabilities. By the end of 2007, more than 35 million cumulative users had downloaded Opera Mini and used it to access the Internet and download more than 13.8 billion Web pages. In addition, Opera has been focused on getting more distribution of the Opera-branded version of Opera Mini through deals with mobile phone OEMs. During the year, the Company began to see the fruits of this effort, particularly as a result of its 2006 agreement with Nokia on the high volume Series 40 platform, where Opera Mini is shipped pre-installed on such high volume devices as the Nokia 6300 and 6500.

During 2007, the Company launched one major upgrade of Opera Mini, including breakthrough features such as advanced full-page view of Web pages on virtually any mobile screen. In the first ten days of launch, one million copies of Opera Mini 4 were downloaded, a new record for this product.

As has been learned from the Desktop business, Opera believes there is substantial long-term value in having a large and growing number of users and high usage of Opera Mini. Opera believes that search will be a key cornerstone of Opera's monetization of its Opera Mini user base, and the Company is confident in commercializing Opera Mini in many other interesting ways going forward.

Opera Devices

Opera provides an optimized implementation of Internet technologies for handheld devices, digital TV, and other devices, with innovative and powerful features that seamlessly adapt the Internet experience to suit varying screen sizes and input devices.

Digital media content is rapidly becoming popular in the mass consumer market, as seen most visibly through the growth of digital consumer content such as music, images, TV/video, and games. Opera believes that future devices to a large extent will be networked and have electronic storage capacity. Downloading into hard drives will require a browser, and Opera believes that its proven browser technology will enable simpler and cheaper hardware to deliver enhanced applications.

Opera for Devices continued to grow in its core market segments, as Opera's browsers get installed on an increasing array of non-mobile phone Internet connected devices, such as game consoles, portable media players, and net-TVs.

Desktop

Since the first public release in 1996, Opera has remained at the forefront of browser innovation on desktop PCs. Opera's desktop browser provides its users with a safe, efficient, and enjoyable browsing experience.

For 2007, Desktop revenue was MNOK 67.7 versus MNOK 33.0 in 2006, an increase of 103%. The marked increase in Desktop revenue in FY 2007 is attributable to an increase in users and stronger revenue streams leading to higher average revenue per user. Desktop users grew more than 55% in 2007. Key drivers of this user growth include greater focus by Opera on the desktop segment and implementation of a geographic targeted strategy, regarding both users and local revenue partnerships.

Financial year 2007

Total revenue was MNOK 315.5 in 2007, up from MNOK 213.8 in 2006, an increase of 48%.

Operating expenses increased to MNOK 304.6 in 2007 from MNOK 241.3 in 2006, an increase of 26%. Payroll and related expenses were MNOK 217 compared to MNOK 162.5 in 2006, an increase of 37%.

EBIT was MNOK 10.9 compared to MNOK -27.5 in 2006. Net Income was MNOK 12.5 in FY 2007, compared to MNOK -18.2 in FY2006.

The annual financial statements have been prepared on a "going concern" basis.

Shareholders and equity-related issues

As of December 31, 2007, Opera Software had 119,542,246 outstanding shares. Total stock option costs for employees in 2007 were MNOK 9 compared to MNOK 5.4 in 2006.

As of December 31, 2007, the Parent company had MNOK 457 in additional paid in capital. Total equity was MNOK 530.5. Free equity per December 31, 2007 was MNOK 61.3.

In the annual general meeting held June 21, 2006, William J. Raduchel was elected Chairman of the Board and Michael Tetzschner was re-elected. Additionally, Lars Boilesen, Silvija Seres, and Kari Stautland joined Opera's Board. Charles McCathieNevile, and Stig Halvorsen were elected as employee representatives to the Board, by the employees of Opera.

Allocation of the annual profit

The income/profit for Opera Software ASA was MNOK 9.2 in 2007. The board recommends that the profit is transferred to retained earnings.

Financial risk

The Company has limited exposure to financial risks, and has no current funding requirement. As of December 31, 2007, Opera's cash balance stood at MNOK 466.8. The Company has no interest bearing debt. The Board has instructed management to invest surplus cash in instruments with minimal credit and liquidity risk. Investments are only made in funds operated by institutions rated by S&P or Moody's, with a minimum rating of BBB or Baa2, respectively.

The Company is exposed to foreign exchange and credit risks in the normal course of business. These risks are closely monitored. It is not the Company's policy to use financial instruments to hedge against foreign exchange risks.

Opera's customers are mainly large global companies. Customer-related credit risk is therefore limited. New prospects are evaluated for credit-worthiness.

Organization

Opera Software's headquarters are located in Oslo, Norway. The Company also has offices in Linköping and Gothenburg (Sweden), Beijing (China), Tokyo (Japan), Chandigarh (India), Seoul (South Korea), Wroclaw (Poland), San Diego and Mountain View (USA), and Prague (Czech Republic). The Company had 462 employees as of December 31, 2007.

Workplace environment

The workplace environment in Norway is in compliance with the Norwegian Law of Workplace Environment. No injuries to employees occurred on the Company premises in 2007. Sick leave is considered low at 1.5%. The Company's activities are not environmentally polluting.

Gender equality

As of December 31, 2007, Opera had 462 employees, of which 71 were women and 391 were men. As part of its core values, Opera promotes cultural diversity, gender equality, and is an equal opportunity employer. Opera has two female board members and two female members on the senior executive team.

Corporate governance

Opera is incorporated in Norway, with a governance structure built on Norwegian corporate law. The Company is organized as a traditional limited company, with a board of directors, a chief executive officer, and an external auditor. The annual general meeting is where the board formally ratifies major decisions affecting the Company's affairs. Opera is committed to a set of values based on diversity and equality, which guides the way the company develops its products and its interaction with customers, partners, and investors. The Board of Directors report on the company's Corporate Governance policies is found on page 60 of the Annual Report.

Outlook

Opera remains positive about the Company's short- and long-term growth prospects. Within Internet Devices, the success that key Opera customers, including T-Mobile 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 OEMs for Opera's solutions. Opera also sees accelerating interest among device manufacturers for Opera's solutions, 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 "mega-trends" within both the mobile phone and consumer electronics industries. Opera also expects to see increased revenue streams for the Opera branded version of Opera Mini in FY2008 compared to FY2007, as usage expands and as revenue and business models evolve further in the mobile Internet space.

The Company also sees positive growth prospects in the Desktop segment, through increased users and higher ARPU.

Opera's key operational priorities in FY2008 include (i) focusing and investing in a more aggressive manner in the Consumer area (Desktop, Opera branded Opera Mini, My Opera), (ii) accelerating momentum among mobile phone operators worldwide, (iii) increasing Opera's position with top mobile phone OEMs globally, (iv) building on the momentum Opera has going into FY2008 among major consumer electronic OEMs, and (v) capitalizing on its unique cross-platform position and offering content related services to its users, leveraging the fact that its browsers run on a wide and disparate array of device types and form factors.

Oslo, 25 March 2008

William J. Raduchel
Chairman of the Board

Michael Tetzschner

Kari Stautland

Lars Rabæk Boilesen

Silvija Seres

Charles McCathieNevile
Employee representative

Stig Halvorsen
Employee representative

The Board of Directors

1. Chairman, William J. Raduchel

William J. Raduchel is a strategic advisor who serves as an independent director and investor for multiple companies. From 2004 to 2006, he was chairman of Ruckus Network, Inc. Prior to that he was a strategic advisor to AOL after being senior vice president and chief technology officer of AOL Time Warner (and AOL before that). He joined AOL from Sun Microsystems in 1999 where he was last Chief Strategy Officer and a member of its executive committee.

2. Member, Michael Tetzschner

Tetzschner is a Attorney at Law, and a Member of the Norwegian Bar Association. Previously, Tetzschner was president of Feedback Research Consulting AS, Norway, and Lifo Research & Consulting, Denmark, as well as the managing director ofthe Norwegian School of Management (Handelshøyskolen BI). Tetzschner has also been the Head of the Executive Board (Byrådsleder) of the Municipality of Oslo. He graduated with a degree in Law from the University of Oslo.

3. Member, Lars Boilesen

Lars Boilesen is currently serving as CEO for Nordic and Baltic Region at Alcatel-Lucent. Lars has extensive sales and marketing experience and has held executive positions in various corporations including Opera Software, where he was Executive Vice President of Sales and Marketing. Prior to that, Lars headed the Northern Europe and Asia Pacific markets for Tandberg. Lars started his career at Lego Group where he was Sales and Marketing manager for Euro.

4. Member, Silvija Seres

Silvija Seres is currently Vice President of Product Marketing in a leading software company Fast Search & Transfer. She has previously worked in research and as a professor at various academic institutions, including Oxford University in the UK, DEC SRC in the USA, and Dar El Hekma University in Saudi Arabia. Silvija holds a Ph.D. in computer science from Oxford University and an MBA from INSEAD in France. She also sits on the board of several large Norwegian companies.

5. Member, Kari Stautland

Kari Stautland is currently Human Resources Manager at GE Healthcare AS a leading global medical company. She has been working in HR for many years and has extensive knowledge within this area. Kari holds a Masters degree in Business and Marketing. Kari Stautland owns Arepo AS, which controls approximately 14% of the shares in Opera Software.

6. Employee representative, Charles McCathieNevile

Charles McCathieNevile is Opera Software's Chief Standards Officer. Before joining Opera in 2005, McCathieNevile spent six years with the World Wide Web Consortium (W3C). As well as managing (and participating in) standardization work on behalf of Opera, he presents at conferences and fairs.
He works in the Core engineering group, is based in Oslo, holds a degree in medieval history, and enjoys cooking and learning new languages.

7. Employee representative, Stig Halvorsen

Halvorsen is a Senior Core Developer at Opera. He has worked at Opera since December 2000. Prior to joining Opera, Halvorsen studied at the Norwegian University of Science and Technology (NTNU), Trondheim, and holds a Sivilingeniør degree in Computer Science (MSc).

Opera Software ASA

Consolidated Group Annual Accounts 2007

Profit and loss account

[Numbers in TNOK]

Consolidated Group		01.01 - 31.12		
	Note	**2007**	2006	2005
Revenue	1, 2, 5	**315 466**	213 784	153 954
Other income	3	**0**		0
Total operating income		**315 466**	213 784	153 954
Cost of goods sold		**2 143**	4 641	0
Payroll and related expenses	3	**217 004**	162 505	108 333
Depreciation expenses	7	**6 496**	4 364	2 055
Other operating expenses	3, 4, 7, 14	**78 935**	69 745	42 639
Profit/loss from operation		**10 888**	-27 471	927
Interest income	5	**18 366**	9 277	3 145
Other financial income	5	**10 238**	5 794	3 283
Interest expenses	5	**-11**	-21	-8
Other financial expenses	5	**-17 690**	-6 175	-2 729
Operating result before tax		**21 468**	-18 596	4 618
Tax on ordinary result	6	**-9 053**	405	-1 819
Net profit/loss for the year		**12 468**	-18 191	2 799
Earnings per share (NOK)	15	**0,105**	-0,177	0,028
Diluted earnings per share (NOK)	15	**0,104**	-0,177	0,027
Profit/loss for the year is allocated as follows:				
Other equity		**12 468**	-18 191	2 799

Statement of recognized income and expense

[Numbers in TNOK]

Consolidated Group			
	Note	**31.12.2007**	31.12.2006
Translation differences		**-1472**	118
Net income recognized directly in equity		**-1472**	118
Profit for the period		**12 468**	-18 191
Total recognized income and expense for the period		**10 996**	-18 073
Attributable to:			
Equity holders of the parent		**10 996**	-18 073
Minority interest		**0**	0
Total recognized income and expense for the period	9	**10 996**	-18 073

Balance sheet

[Numbers in TNOK]

Consolidated Group	Note	31.12.2007	31.12.2006
Assets			
Fixed assets			
Intangible fixed assets			
Goodwill	7, 8	**3 142**	3 142
Total intangible fixed assets		**3 142**	3 142
Tangible fixed assets			
Office machinery, equipment, etc.	7	**17 832**	18 676
Total tangible fixed assets		**17 832**	18 676
Financial fixed assets and deferred tax asset			
Deferred tax asset	6	**9 724**	9 651
Other Investments		**4 541**	2 077
Total financial fixed assets and deferred tax assets		**14 265**	11 728
Total fixed assets		**35 239**	33 546
Current assets			
Receivables			
Accounts receivables	10	**65 249**	55 172
Unbilled revenue	10	**40 700**	43 636
Other receivables	10	**5 729**	5 426
Total receivables		**111 678**	104 234
Cash and cash equivalents	5	**466 813**	424 498
Total current assets		**578 491**	528 732
Total assets		**613 730**	562 278

Balance sheet

[Numbers in TNOK]

Consolidated Group	Note	31.12.2007	31.12.2006
Shareholders' equity and liabilities			
Equity			
Paid in capital			
Share capital	9	**2 391**	2 339
Share premium reserve	9	**456 973**	441 190
Other reserves	9	**21 977**	16 111
Total paid in capital		**481 341**	459 640
Retained earnings			
Other equity	9	**50 827**	39 830
Total retained earnings		**50 827**	39 830
Total equity		**532 168**	499 470
Liabilities			
Long term liabilities			
Deferred taxes	6	**0**	355
Current liabilities			
Account payable	10	**7 227**	6 548
Taxes payable	6	**2 443**	201
Social security, VAT, and other taxation payable	10	**9 418**	11 314
Other short-term liabilities	10	**62 474**	44 390
Total short term liabilities		**81 562**	62 453
Total liabilities		**81 562**	62 808
Total equity and liabilities		**613 730**	562 278

Oslo, 25 March, 2008

William J. Raduchel
Chairman of the Board

Michael Tetzschner

Kari Stautland

Lars Rabæk Boilesen

Silvija Seres

Charles McCathieNevile
Employee representative

Stig Halvorsen
Employee representative

Jon S. von Tetzchner
Chief Executive Officer

Cash flow statement

[Numbers in TNOK]

Consolidated Group	Note	01.01 - 31.12 2007	2006
Cash flow from operating activities			
Profit/loss before taxes		**21 521**	-18 596
Taxes paid	6	**-7 155**	-5 655
Depreciation expenses	7	**6 496**	4 364
Impairment of shares	8	**500**	
Changes in accounts receivable *		**-7 141**	-16 844
Changes in accounts payable		**679**	1 490
Changes in other accruals		**13 418**	29 688
Share-based payments with no cash effect		**8 992**	5 453
Effect of translation differences		**-1 289**	-9
Net cash flow from operating activities		**36 021**	-109
Cash flow from investment activities			
Acquisition of tangible fixed assets	7	**-5 874**	-13 644
Acquisition of shares	8	**-500**	-50
Net cash flow from investment activities		**-6 374**	-13 694
Cash flow from financing activities			
Proceeds from issue of share capital	9	**12 668**	219 775
Net cash flow from financing activities		**12 668**	219 775
Net change in cash and cash equivalents		**42 315**	205 972
Cash and cash equivalents 01.01 **		**424 498**	218 526
Cash and cash equivalents 31.12		**466 813**	424 498

* Changes in unbilled revenue are included in changes in accounts receivable in the cash flow statement.

** Cash and cash equivalents of NOK 7 829K are restricted assets as of 31 December 2007 and NOK 7 387K are restricted assets as per 31 December 2006.

Note 1 Accounting principles

Opera Software ASA (the "Company") is a company domiciled in Norway. The consolidated financial statements of the Company for the year ended 31 December 2007 comprise the Company and its subsidiaries Hern Labs AB and Opera Software International AS (including the subsidiary Opera Software Korea Ltd and Opera Web Technologies Pvt. Ltd), together referred to as the "Group". In 2007, Opera Software International AS had branches in Japan, USA, China, and Poland.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the EU and the interpretations adopted by the International Accounting Standards Board (IASB). The consolidated financial statement has also been prepared according to applicable regulations in the Norwegian Accounting Act and disclosure requirements from the Oslo Stock Exchange.

Basis of preparation

The consolidated financial statements are presented in NOK, rounded to the nearest thousand. They are prepared on a historical cost basis. None of the assets and liabilities is stated at their fair value due to the fact that the Group does not have any derivative financial instruments, financial instruments held for trading, or financial instruments classified as available-for-sale. Receivables and debts are assumed to have a market value equal to book value.

Preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements 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. Revisions to accounting estimates are 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.

Judgements made by management in the application of IFRS that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 13.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transaction are eliminated in preparing the consolidated financial statements.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to NOK at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NOK at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to NOK at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to NOK at rates approximating to the foreign exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on retranslation are recognized directly in a separate component of equity.

Property, plant and equipment

Owned assets

Property, plant, and equipment are stated at cost, as deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy regarding impairment).

Where parts of property, plant, and equipment have different useful lives, they are accounted for as separate items of property, plant, and equipment.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The Group has only operational lease contracts as of 31 December 2007. Expenses concerning the upgrading of hired premises have been capitalized and are amortized over the remaining term of the contract.

Subsequent costs

The Group recognizes in the carrying amount of an item of property, plant, and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group, and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment. Land is not depreciated.
The estimated useful lives are as follows:

• cost-rented premises	5 years
• machinery and equipment	4 years
• fixtures and fittings	5 years

The residual value, if not insignificant, is reassessed annually.

Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising from acquisition of subsidiaries, associates and joint ventures. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill relates to the purchase of Hern Labs AB. As the goodwill existed before January 1 2004, the goodwill is based on the amount recognized according to NGAAP. Goodwill per 31 December 2007 has the same value as goodwill per 1 January 1 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to
cash-generating units and is no longer amortized but is tested annually for impairment (see accounting policy regarding impairment).

Negative goodwill arising on an acquisition is recognized directly in profit or loss.

Research and development

Expenses related to research activities, which are expected to lead to scientific or technological knowledge and understanding, are calculated as costs in the income statement in the period in which they are accrued.

The Company develops specially-designed browsers for use in its customers´ products. A fee is paid to the Company for this service and this fee should cover the costs related to the development of these custom-made browsers. As the customers' payment covers the development costs, these costs are not reported in the balance sheet. Activities that are not specifically customer related are defined as research. See also principles of revenue recognition.

Other intangible assets

Other intangible assets, excluding deferred tax assets (see accounting policy regarding income tax) that are acquired by the Group, are stated at cost less accumulated amortization (see below) and impairment losses (see accounting policy regarding impairment).

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date.

Other trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy regarding impairment).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Deposits in money market funds are included in cash and cash equivalents as the funds can be withdrawn from the money market fund without a notice.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity, and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss.

Calculation of recoverable amount

The recoverable amount of the Group's assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Dividends

Dividends on shares are recognized as a liability in the period in which they are declared.

Share-based payment transactions

The share option program allows Group employees to acquire shares of the Company. The fair value of options granted is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black & Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. For options granted before 2007, Opera has programs for options that last for four years.

The program gives the option holder the right to exercise 25% of the options after one year, the next 25% after two years, the next 25% after three years, and the last 25% after four years. The option costs are accrued according to the principle of graded vesting. The social security taxes connected to the options are accrued according to the intrinsic value. This means that the expensed social security tax is calculated based on the difference between the market value and the strike price and is accrued over the vesting period. For options granted in 2007, 20% of the options vests after one year, another 20% after two years, 25% after three years, and the last 35% after four years. Options costs related to the options granted in 2007 are accrued according to the principle of graded vesting. The employees are responsible for the social security taxes. Opera pays the social security taxes, but gets the social security taxes refunded from the employees. The employees can exercise the options until one year after they have vested. This condition is included in the calculation of the fair value of the options.

Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

A provision for warranties is recognized when the underlying products or services are sold.
The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Trade and other payables

Trade and other payables are stated at cost.

Revenue recognition

The Company has the following primary sources of revenue:

- License/royalty income
- Development fees or non-recurring engineering, where the Company customizes the browser for its customers and/or ports the browser to an operating system
- Maintenance and support revenue
- Search income
- Advertising income

For customer contracts where development and customization is complete or if no development or customization is required, Opera recognizes license/royalty revenue in the same period as the customer ships the Internet devices with Opera pre-installed. In cases where Opera is not pre-installed, Opera recognizes license/royalty income when the customer or customer's customer downloads the Opera browser to their Internet device. Opera also enters into customer agreements for a customized version of its Opera Mini product offering where license/royalty income is generated on a quarterly basis predicated on the number of active users of the browser in that quarterly period (where an active user is defined as a user who uses the Mini browser to access the Internet at least once in the quarterly period). For these agreements, Opera hosts the Opera Mini solution and recognizes the revenues based on the active user information the Company has from its own computer servers.

Development fee revenues typically span a number of accounting periods. Consequently, recognition of revenue occurs each period based on the percentage of completion method. The percentage of completion is calculated based on the total number of hours delivered during an accounting period divided by the total estimated hours to fulfil the terms of the contract. The total estimated hours to fulfill the contract are constantly monitored by the Company. The portion of income not yet invoiced to the customer is presented as unbilled revenue.

In some contracts, the customer prepays for a minimum number of copies of the customized browser. Opera receives this license/royalty fee irrespective of whether the customer actually uses the number of minimum licenses or not. Where there is significant customization of the browser or significant engineering is required to port the browser to the operating system, the prepaid minimum license/royalty payment is recognized on a percentage of completion basis along with the development fee revenue. If the prepaid minimum fee is connected to a browser with no or insignificant customization requirements or if there is no or insignificant porting required, the fee is recognized at the time the master copy is delivered to the customer.

Maintenance and support revenues are recognized ratably over the term of the maintenance and support agreement with the customer.

Search income is generated from agreements Opera has with its search partners. Search income is generated when an Opera user conducts searches through the "built-in search" bars provided on the Opera desktop browser – in the upper right hand corner of the browser in the case of the Desktop browser. Opera also generates search income from the Opera-branded Opera Mini browser.

Advertising revenue relates to Opera browsers downloaded free of charge from the Internet. Advertising revenue is generated on a "click through" basis, where revenue is shared with the advertising partner, on a "display" basis when an advertisement is displayed on the browser, and on a "cost per action" basis when a purchase is made as a result of the advertisement, where Opera shares in the actual purchase made as a result of the advertisement. Invoicing of advertising typically occurs on a monthly basis and the sales are booked as income in the period the income is generated.

Some agreements are bundled agreements, where Opera receives a fee that covers development, licenses, maintenance etc. The total fee is allocated to the different elements and the allocated fee is recognized according to the principles described above.

Cost of goods sold

Purchase of licenses is expensed as cost of goods sold.

Other income (costs)

Material income and cost's, which are not related to the normal course of business, are classified as other operating income (cost's).

Expenses

Operating lease payments

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement as an integral part of the total lease expense.

Net financing costs

Other finance income and costs comprise foreign exchange gains and losses, which are recognized in the income statement.

Interest income is recognized in the income statement as it accrues, using the effective interest method.

Dividend income is recognized in the income statement on the date the entity's right to receive payments is established.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Taxes paid abroad for the parent company will be deducted in Norwegian taxes if the Company has taxes payable in Norway. If Opera has no Norwegian taxes payable, the taxes paid abroad will be carried forward as deductible in future taxes payable.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Note 2 income

[Numbers in TNOK]

According to the definition in the International Accounting Standard no. 14, Segment Reporting, Opera Software ASA claims that there is no area of operations or geographical segments. The reason is that the company does not individually deliver products or services or groups of these services that have a risk and dividend, which is different from other areas of operations. The Group has one product," the browser," which is materially the same, regardless of the product of which it is part. Further, according to the definition in IAS no. 14, the group does not have geographical markets that satisfy the standards definition to be classified as a segment. The group does not individually deliver products or services within a specific geographical market that have a risk and dividend, which are different from part of the operations that operates in other geographical markets.

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

Income	**2007**	2006	2005
Internet Devices	**248 409**	180 788	128 129
PC Desktop	**67 057**	32 996	25 825
Total	**315 466**	213 784	153 954

Income per geography	**2007**	2006	2005
Norway	**0**	0	1 910
Europe	**107 896**	56 288	61 392
USA/ Canada	**89 244**	67 493	54 327
Asia	**118 326**	90 003	36 325
Total	**315 466**	213 784	153 954

Internet Devices reflects income from royalty, support, and service on browsers used on mobile phones, and on other Internet-connected devices, such as game consoles and Internet TV set-up boxes, and Opera Mini revenue from mobile phone operators and partners for the Opera-branded Opera Mini product. PC Desktop reflects income from Operas browser used on PCs, including income from commercials and searches performed on the browser.

The geographic breakdown of revenue is based on the location of Opera's customers and partners. Because Opera's products and services are distributed on a global basis, the above breakdown of revenue does not reflect a fully accurate picture of where Opera's product and services are actually utilized.

Note 3 Wage costs/ Number of employees/Remunerations

[Numbers in TNOK]

	Parent 01.01 - 31.12 **2007**	2006	2005
Salaries	**165 703**	126 541	79 282
Social Security cost	**24 581**	24 996	20 161
Pension cost	**7 953**	4 566	1 862
Share-based remuneration	**9 056**	5 453	2 995
Other payments	**9 711**	950	4 033
Wage cost	**217 004**	162 506	108 333
Average number of employees	408	314	227

The company has established a pension scheme for the Norwegian employees. The pension's scheme is a defined contribution plan which comprises the new requirements with regards to Obligatorisk Tjeneste Pensjon (OTP).

Fees to the CEO and members of executive team andth chairman of the board

There are no existing agreements concerning severance pay to the CEO and the chairman of the board. The group has not given any loans or security deposits to CEO or the chairman of the board, or their related parties.

A bonus program exist for the senior executive team at Opera. For each individual executive, there is a limited amount of bonus that can be achieved. The size of the bonus payment is dependent on actual company performance compared to a set of predefined targets. The primary targets are revenues and EBITA.

The bonuses for senior executives, for 2007 are accrued in the accounts. Bonuses will be paid in 2008.

Independent auditors

The total fees billed by independent auditors during 2007 were NOK 1 113K. Divided as follows:

Statutory audit	566
Assurance services	39
Tax advisory fee	117
Other services	411
Total	1 133

Note 3 Options (continued)

[Numbers in TNOK]

Option plan employees.
Options approved during 2006 and prior years.

The Group has established a share option program for some of its employees. The options are granted by the board of directors. The options run for a four year period, where 25% of the options may be exercised every year (without certain exceptions where the board has decided that 40% of the option may be exercised in the first year and 20% in the subsequent years). The options may only be exercised during one month every year. If the options are not exercised, the option holder will lose the right to exercise the 25% for the year. The board may grant employees an extended exercise period. The group has granted the options with an exercise price equal to the estimated market value at grant date.

Options granted during 2007

As a part of a new policy regarding the company's payment system, the board of directors approved a new option program on 14 March. The option program includes a one-time award of 6 million options effective immediately and possibility of an addtitional million options within 2007. In addition, there will be options issued in the range of 2 to 3 million annually within the period 2008-2011, on condition that the board of directors` authorization to increase the share capital from the general meeting is renewed. Each option entitles the holder to buy one share of the company. The price of each issued option will correspond with the market price of a share of Opera on the day the option was granted. The options are earned with an annual quota over a period of 4 years. The holders of the options are responsible for paying the company's social security rates. The options may be excercised with 20 % after one year, 20 % after two years, 25 % after three years, and the final 35 % after four years. The employees may exercise the options up to one year subsequent to the vesting date.

The options are considered non-transferable to other persons. If the contract of employment is terminated, regardless of reason, the employee loses his right to exercise the options. However, the employee may keep shares bought through previously exercised options.

The number of options and the exercised price will change in the event of a share split or merged.

The number and weighted average exercise prices of share options is as follows:

In thousands of options	**Weighted average exercise price 2007**	**Number of options 2007**	Weighted average exercise price 2006	Number of options 2006
Outstanding at the beginning of the period	**12,41**	**4 257**	7,57	6 947
Terminated (employee quit)	**18,6**	**1 255**	7,56	833
Forfeited during the period	**0**	**0**	17,05	110
Exercised during the period	**5,72**	**2 114**	6,26	2 697
Granted during the period	**12,72**	**6 745**	28,08	950
Outstanding at the end of the period		**7 633**	12,41	4 257
Exercisable at the end of the period		**0**		0

Note 3 Options (continued)

[Numbers in TNOK]

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted.
The estimate of the fair value of the services received is measured based on the Black and Scholes model.

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

Share options are granted under service conditions, not a market based condition. Such conditions are not taken into account in the grant date fair value measurement. There are no market conditions associated with the share option grants. For both 2006 and 2007, an annual average attrition rate of 15% is used. This average attrition and the employees responsibility for paying the company's employers' contributions related to the options are taken into consideration when estimating the costs of the options in accordance with IFRS 2. Given that the employees may exercise their options one year after the vesting date, the estimate is based on an assumption that the employees on average are exercising their options 6 months after the vesting date.

In 2007, the conditions for some options have been modified by reducing the strike price. The original fair value of the options continues to be accrued over the vesting period. In addition, the increased value of the opstions, calculated with assumptions at the date of the modifications, is expensed over the vesting period. The modification relates to 550 000 options. The increased cost in 2007 due to the modification is TNOK 276. The increased average value of the options due to the modification is NOK 2,38.

Fair value of share options and assumptions	**2007**	2006
Fair value at measurement date (average per option)	**3,95**	9,52
Expected volatility (weighted average)	**45,44**	0,57
Option life (adjusted for expectations of early exercise)	**3,24**	2,45
Expected dividends	**0**	0
Risk-free interest rate (based on national government bonds)	**4,46**	3,47
Total costs, booked as wage expenses		
	2007	2006
Expensed in accordance with IFRS no. 2 (thousand NOK)	**9 056**	5 453
	9 056	5 453

Note 3 Options (continued)

[Numbers in TNOK]

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

Expiry date	Strike 10,00	Strike 12,40	Strike 12,70	Strike 13,00	Strike 13,15	Strike 13,50	Strike 13,65	Strike 14,30	Strike 14,40	Strike 15,00	Strike 24,00	Total
March 2008		1 057 448	1 000	8 760								1 067 208
June 2008	282 500							37 500	60 000		25 000	405 000
September 2008										67 200		67 200
November 2008	12 500						10 000					22 500
December 2008					175 024	16 000						191 024
March 2009		1 057 448	1 000	8 760								1 067 208
June 2008				8 400								8 400
June 2009	210 000			8 300				37 500	60 000		25 000	340 800
September 2009										67 200		67 200
November 2009							10 000					10 000
December 2009					175 024	16 000						191 024
March 2010		1 321 810	1 250	19 250								1 342 310
June 2010									75 000		25 000	100 000
September 2010										84 000		84 000
November 2010												
December 2010					218 780	20 000						238 780
March 2011		1 850 534	1 750	15 330								1 867 614
June 2011				5 000					105 000			110 000
September 2011										117 600		117 600
December 2011					306 291	28 000						334 291
Total	505 000	5 287 240	5 000	73 800	875 119	80 000	20 000	75 000	300 000	336 000	75 000	7 632 159

Strike price = exercise price

Compensations to Execuive Management

Opera Sotware ASA has an Executive Management consisting of leading employees in the mother company.

Compensations to Executive in 2007:

	Remuneration	Salary	Bonus	Other compensation	Pension compensation	Benefit exercised options	Total compensation
Executives							
Jon S. von Tetzchner, CEO		1 156 218		3 996	48 768	591 090	1 800 072
Erik C. Harrell, COO/CFO		1 140 718	355 565	8 475	48 768	-	1 553 526
Rolf Assev, CSO		1 071 729			48 768	1 163 500	2 283 997
Christen Krogh, CDO		1 141 036			48 768	1 657 897	2 847 701
Håkon Wium Lie, CTO	75 000	303 692		4 000	11 664	591 090	985 446
Anne Stavnes, EVP Culture & Facilities		736 739		6 402	44 628	227 800	1 015 569
Tove Selnes, VP of Human Resources		156 666			48 768		205 434

Note 3 Options (continued)

[Numbers in TNOK]

Compensations to Execuive Management continued

Opera Sotware ASA has an Executive Management consisting of leading employees in the mother company

	Remuneration	Salary	Bonus	Other compensation	Pension compensation	Benefit exercised options	Total compensation
The Board of Directors							
William J Raduchel, Chairman of the Board from June 21th 2007(board member at the same time)	207 050					-	207 050
Michael Tetszchner, Board member	150 000	30 000				284 750	464 750
Lars Boilesen, Board member from 21th June 2007	75 000					569 500	644 500
Silvija Seres, Board member from 21th June 2007	75 000						75 000
Kari Stautland, Board member from 21th June 2007	75 000	30 000					105 000
Stig Halvorsen, Employee representative	40 000	525 027		1 800	27 828	284 750	879 405
Charles C. McCathieNevile, Employee representative	40 000	478 646			22 368	-	541 014
Nils A. Foldal, Chairman of the Board, until 21th June 2007	450 000	30 000		2 000			482 000
Grace Reksten Skaugen, Board member, until 21th June 2007	75 000					72 938	147 938
John Patrick, Board member, until 21th June 2007	75 460						75 460
Ole Peter Lorentzen, Board member, until 21th June 2007	75 000	30 000				-	105 000
Rune Lillesveen, Board member until 21th June 2007	15 000	555 474			28 968	284 750	884 192
Total	1 427 510	7 385 945	355 565	26 673	379 296	5 728 065	15 303 054

The presented bonuses are the actual bonuses paid out in 2007. Earned, not paid out bonuses in 2007 are not included in the table. Other remunerations mentioned in the Norwegian Accounting Act § 7-13b are not relevant for the company.

The Executive Group is included in the company's pension scheme for the employees. The pension's scheme is a defined contribution plan.

There has been no compensation or other economical benefits given from businesses within the same Group. There has been no significant additional compensations given to a director with regard to special services out of the normal functions provided.

Note 3 Options (continued)

[Numbers in TNOK]

Compensations to Execuive Management 2006

	Remuneration	Salary	Bonus	Other compensation	Pension compensation	Benefit exercised options	Total compensation
Executives							
Jon S. von Tetzchner, CEO		892 435		4 000	45 912	584 000	1 526 347
Erik C. Harrell, COO/CFO		1 001 622		6 000	45 912	-	1 053 534
Rolf Assev, CSO		892 435			45 912	3 164 000	4 102 347
Christen Krogh, VP Engineering		892 435			45 912	4 817 250	5 755 597
Håkon Wium Lie, CTO, Board member	150 000	314 492		4 000	11 856	584 000	1 064 348
Scott Hedrick, EVP Devices		836 795		146 940	45 912	-	1 029 647
Roger Carlhammar, EVP Mobile		722 967	51 012		56 430	-	830 409
Anne Stavnes, EVP HR & Facilities		579 615		6 000	41 532	494 000	1 121 147
Timo Burns, EVP Business Development		840 545		4 000	45 912	1 182 500	2 072 957
Christian Jebsen, Prev. COO, Resigned 01.11.06		745 435		4 000		3 871 250	4 620 685
The Board of Directors							
Nils A. Foldal, Chairman of the Board	150 000						150 000
Grace Reksten Skaugen, Vice Chairman	150 000					322 500	472 500
John R. Patrick, Board member	155 725					76 000	231 725
William J Raduchel, Board member	77 600						77 600
Michael Tetszchner, Board member	150 000					617 500	767 500
Ole Peter Lorentzen, Board member	75 000					-	75 000
Stig Halvorsen, Employee representative	15 000	478 721			24 732	617 500	1 135 953
Rune Lillesveen, Employee representative	15 000	499 216			27 036	617 500	1 158 752
Charles C. McCathieNevile, Employee representative	15 000	444 144			21 300	-	480 444
Christian H. Thommessen, previous Chairman of the Board	125 000						
Nils Rydbäck, previous board member	78 125						78 125
Live Leer, previous Employee representative	15 000	445 447				308 750	769 197
Snorre Grimsby, previous Employee representative	15 000	499 364				720 000	1 234 364
Total	1 186 450	10 085 668	51 012	174 940	458 358	17 976 750	29 808 178

The presented bonuses are the actual bonuses paid out in 2006. Earned, not paid out bonuses in 2006 are not included in the table.
Other remunerations mentioned in the Norwegian Accounting Act § 7-13b are not relevant for the company.

The Executive Group is included in the company's pension scheme for the employees. The pension's scheme is a defined contribution plan.

There has been no compensation or other economical benefits given from businesses within the same Group. There has been no significant additional compensations given to a director with regard to special services out of the normal functions provided.

Note 3 Options (continued)

[Numbers in TNOK]

Options to Execuive Management 2007

There are no existing agreements concerning loans or security deposits to key personnel, members of the board, or their related parties.
The Executive Management have received options during the financial year. For further information we refer to the note regarding the option program.

The Executive Management have the following numbers of options.

	Opening balance	Issued options	Terminated options	Executed options	Average exercise price - A	Closing balance	Average exercise price - B	Average lifetime- C	Value of unvested shares	IFRS 2 cost for the period
Executives										
Jon S. von Tetzchner, CEO	100 000			100 000	7,2	-			-	64 660
Erik C. Harrell, COO/CFO	250 000	310 000		-	12,4	560 000	12,4	3,25	280 000	1 167 414
Rolf Assev, CSO	250 000	320 000		250 000	8,9	320 000	12,4	3,25	160 000	372 668
Christen Krogh, CDO	262 500	670 000		262 500	6,6	670 000	12,4	3,25	335 000	357 212
Håkon Wium Lie, CTO	100 000	100 000		100 000	7,2	100 000	12,4	3,25	50 000	195 150
Anne Stavnes, EVP Culture & Facilities	20 000	100 000		20 000	2,5	100 000	12,4	3,25	50 000	132 821
Tove Selnes, VP of Human Resources	-	40 000				40 000	13,5	3,25	-	6 050
Total	982 500	1 540 000		732 500		1 790 000			875 000	2 295 975

A - The average exercise price for options executed in the financial year.
B - The average exercise price for the number of options held by the end of the financial year.
C - Issued option to executives may in 2007 be excercised with 20 % after one year, additionally 20 % after two years, 25 % after three years, and the final 35 % after four years. In order to exercise their options, the persons concerned must be employed in the years subsequent to the grant date. Options not exercised will be terminated if an employee resigns.

Erik C. Harrell had options with excercise prices NOK 34.90 and NOK 15.70. On 14th March the board of directors decided to modify some of the options. 250 000 options regarding Eric C. Harrell were modified to have a new strike price of NOK 12.40.
Both the costs of the original options and the options issued in 2007 are included when estimating the costs of the options in accordance with IFRS 2.

Note 3 Options (continued)

[Numbers in TNOK]

Options to Execuive Management 2006
There are no existing agreements concerning loans or security deposits to key personnel, members of the board, or their related parties.
The Executive Management and six other persons (including the Board) have received options during the financial year.

The Executive Management have the following numbers of options:

	Opening balance	Issued options	Terminated options	Executed options	Average exercise price - A	Closing balance	Average exercise price - B	Average lifetime-C	Value of unvested shares	IFRS 2 cost for the period
Executives										
Jon S. von Tetzchner, CEO	200 000			100 000	7,2	100 000	7	2	730 000	124 512
Erik C. Harrell, COO/ CFO	200 000	100 000	50 000	-	0	250 000	25	2	-	859 599
Rolf Assev, CSO	500 000	-		250 000	8,6	250 000	9	2	1 475 000	377 883
Christen Krogh, VP Engineering	525 000	-		262 500	7,5	262 500	8	2	1 837 500	324 157
Håkon Wium Lie, CTO	200 000	-		100 000	7,2	100 000	7	2	730 000	124 512
Scott Hedrick, EVP Devices	200 000	100 000	50 000		-	250 000	26	2	-	901 921
Roger Carlhammar, EVP Mobile	-	200 000			-	200 000	35	2	-	860 561
Anne Stavnes, EVP HR & Facilities	40 000			20 000	2,5	20 000	3	2	240 000	8 281
Timo Bruns, EVP Business Development	275 000	-		75 000	11,43	200 000	11	2	614 000	283 668
Sum	2 140 000	400 000	100 000	807 500		1 632 500			5 626 500	3 865 094

A - The average exercise price for options executed in the financial year
B - The average exercise price for the number of options held by the end of the financial year
C - The options run for a four year period, where 25% of the options may be exercised every year (without certain exceptions where the board has decided that 40% of the option may be exercised in the first year and 20% in the subsequent years.) If the contract of employment is terminated, regardless of reason, the employee loses his right to exercise the options.
Therefore, the average lifetime for the granted option is 2 years.

Note 3 Options (continued)

[Numbers in TNOK]

Shares and options owned by members of the board and the general manager pr. 31.12.07:

Name	Commission	Shares	Options	Strike price	Total
William J. Raduchel	Chairman	0	75 000	24,0	75 000
Michael Tetzschner	Board Member	0	50 000	14,4	50 000
Kari Stautland**	Board Member	15 512 120	50 000	14,4	15 562 120
Lars Boilesen	Board Member	0	50 000	14,4	50 000
Silvija Seres	Board Member	0	50 000	14,4	50 000
Charles McCathieNevile ***	Board Member	0	17 220	12,4	17 220
Stig Halvorsen ***	Board Member	0	28 700	12,4	28,700
Jon S. von Tetzchner *	CEO	16 775 890	0		16 775 890
		32 288 010	320 920		32 608 930

* Håkon Wium Lie and Jon S. von Tetzchner have transfered their options to Amadeus Invest II AS. Primary owners of Amadeus Invest II AS are Tetzchner (88,17%) and Wium Lie (7,72%). See Note 9. In this specification, Amadeus Invest II AS shares in Opera Software ASA are split according to the ownership of Amadeus Invest II AS.

** Kari Stautland owns 100% af Arepo AS who owns 15 512 120 shares in Opera Software ASA

*** Staff representative

**** Bjørnvold Invest AS which has 574 000 shares in Opera, is owned by persons closely related to Rolf Assev
Opera Software ASA issues options with an exercise price of the assumed market price at the grant date.

Shares and options owned by other leading employees as of 31.12.07:

	Title	Shares	Options	Strike price	Total
Rolf Assev ****	Chief Strategy Officer	1 004 518	320 000	12,4	1 324 518
Erik C. Harrell	Chief Operational Officer / Chief Financial Officer	10 000	560 000	12,4	570 000
Christen Krogh	Chief Development Officer	114 923	670 000	12,4	784 923
Håkon Wium Lie	Chief Technology Officer	1 468 865	100 000	12,4	1 568 865
Anne Stavnes	Executive Vice Culture & Facilities	0	100 000	12,4	100 000
Tove Selnes	VP Human Resources	0	40 000	13,5	200 000
		2 598 306	1 790 000		4 548 306

Note 3 Options (continued)

[Numbers in TNOK]

Shares and options owned by members of the board and the general manager pr. 31.12.06:

Name	Commission	Shares	Options	Strike price	Total
Nils A. Foldal	Chairman	43 000	150 000	24,0	193 000
Grace Reksten Skaugen	Vice Chairman	18 750	56 250	10,0	75 000
Håkon Wium Lie *	Board Member	1 530 625	100 000	7,2	1 630 625
Michael Tetzschner	Board Member	25 000	50 000	2,5	75 000
John R. Patrick	Board Member	117 089	25 000	10,0	142 089
William J. Raduchel	Board Member	0	100 000	24	100 000
Ole Peter Lorentzen **	Board Member	7 665 105	75 000	24	7 740 105
Charles McCathieNevile	Board Member	0	0	-	0
Rune Lillesveen ***	Board Member	0	25 000	2,5	25 000
Stig Halvorsen ***	Board Member	0	25 000	2,5	25 000
Jon S. von Tetzchner *	CEO	17 481 250	100 000	7,2	17 581 250
		26 880 819	706 250		27 587 069

* Håkon Wium Lie and Jon S. von Tetzchner have transferred their shares to Amadeus Invest AS. Primary insiders in Amadeus Invest AS are Mr. Tetzchner (88,17%), Mr. Wium Lie (7,5 %). Please see Note 10.

** Ole Peter Lorentzen indirectly owns shares in Extellus AS, which owns 1 869 135 shares in Opera. Ole Peter Lorentzen is also the Chairman of the Board of Caprice AS, which owns 5 795 970 shares in Opera.

*** Representative of employees

**** Bjørnvold Invest AS, owned by Rolf Assev's close relatives, owns 574 000 shares in Opera.

Opera Software ASA grants options with a call price that represents a fair market value on the grant date.

Shares and options owned by other leading employees as of 31.12.06:

	Title	Shares	Options	Strike price	Total
Rolf Assev ****	Chief Strategy Officer	753 820	100 000	7,2	853 820
Rolf Assev	Chief Strategy Officer	0	150 000	10,0	150 000
Erik C. Harrell	Chief Operational Officer / Chief Financial Officer	0	150 000	15,7	150 000
Erik C. Harrell	Chief Operational Officer / Chief Financial Officer	0	100 000	34,9	100 000
Christen Krogh	VP Engineering	26 725	87 500	2,5	114 225
Christen Krogh	VP Engineering	0	175 000	10,0	175 000
Timo Bruns	Executive Vice President Business Development	0	125 000	10,0	125 000
Timo Bruns	Executive Vice President Business Development	0	75 000	14,3	75 000
Scott Hedrick	Executive Vice President Device Business Unit	0	150 000	18,0	150 000
Scott Hedrick	Executive Vice President Device Business Unit	0	100 000	34,9	100 000
Anne Stavnes	Executive Vice President HR & Facilities	0	20 000	2,5	20 000
Roger Carlhammar	Executive Vice President Mobile Business unit	0	200 000	34,9	200 000
		780 545	1 432 500		2 213 045

Declaration of executive compensation policies

The Board of Directors has, in accordance with the Public Limited Liability Companies Act § 6-16 a outlined policies regarding the compensation of the Executive Team.

The Company has designed its executive compensation program around the following main objectives: (a) attracting, motivating, and retaining the right people, and (b) ensuring alignment of management's interest with the long-term interest of shareholders. Executive compensation packages comprise a combination of base salary, bonus, and long-term incentive compensation. A combination of objective and subjective factors is used for each executive officer of the company. These factors are described below.

Components of Executive Compensation

Base Salary

The following factors are decisive for the determination of the base salary of the Executive Team: (a) competitive pay practices, (b) job scope and responsibility, and (c) evaluation of business and individual performance. Adjustments in base salary are reviewed every 12 months or longer. Base salary of executives who are promoted or change jobs within the Executive Team may also be adjusted.

Bonus and other benefits

Annual bonuses to the Executive Team are linked to the Company's, business units', and individual's performance. Relevant measures considered by the Board in defining and evaluating the executive officers' performance include: financial measures such as revenue growth and profit target achievement and non-financial measures such as strategic vision, innovation, management effectiveness, and embodiment of the company's core values and culture. Members of the Executive Team may receive other benefits that are appropriate for the Executive Team member's particular situation and local compensation norms for example, in conjunction with a foreign assignment or special requirements of a new role.

Long-term incentive compensation

During 2007, this element in the compensation framework is covered through an employee stock option program. This four-year program is designed to act as an incentive and retention tool which aligns management's interests with those of shareholders. The vesting price is set to market price at the date of grant. The stock options may be exercised on a pre-defined date once a year. The stock options are allocated based on an evaluation of job scope and responsibility as well as individual performance.

In March 2007, the Board of Directors approved a new employee stock option program, which is intended to continue and strengthen the incentive and retention effect which aligns management's interests with those of shareholders. Please see Note 13: Subsequent events for further information.

Pensions

Members of the Executive Team participate in the regular pension program available for all other employees in the location where they are based.

Note 4 Other expenses

[Numbers in TNOK]

	2007	2006	2005
Consultancy fees for technical development	**5 543**	2 763	2 880
Rent and other office expenses	**16 169**	12 928	7 979
Equipment	**7 309**	6 964	5 761
Audit, legal and other advisory services	**10 863**	11 330	4 450
Travel expenses	**15 393**	12 684	6 934
Other expenses	**23 658**	23 076	14 635
Total other expenses	**78 935**	69 745	42 639

Research

The research costs relating to source code development mainly consists of salary expenses. These salaries are estimated at NOK 136 222K (2006: NOK 81 910K)

Other long-term investments are primarely deposits for rentals in different countries.

Note 5 Financial market risk

[Numbers in TNOK]

Opera Software ASA has no interest-bearing debt, financial fixed assets in the form of loan, semi-raw materials or investments in shares except from investment in the subsidiaries. Consequently, the financial risk the group faces is related to exchange rate risk in USD and EUR. Exchange rate fluctuation in the currency may have an effect on the sale and the P/L statement. Opera does not use financial derivatives to control the fluctuation in exchange rates or interest rates.

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

	2007		2006	
	Numbers in thousand NOK	%	Numbers in thousand NOK	%
NOK	**707**	0,22	311	0,15
USD	**113 419**	35,95	75 789	35,45
GBP	**231**	0,07	0	0
JPY	**1 885**	0,60	0	0
EUR	**199 224**	63,15	137 684	64,40
Total	**315 466**	100,00	213 784	100,00

Conversion of the company`s revenues from foreign currency into NOK yields the following average exchange rates:

USD	5,7539
GBP	11,5194
JPY	5,0462
EUR	8,0079

Note 5 Financial market risk (continued)

[Numbers in TNOK]

A 10% increase in the average exchange rate would have the following increase in the income with (thousand NOK):

	2007	2006
USD	**11 342**	7 579
GBP	**23**	0
JPY	**189**	0
EUR	**19 922**	13 767

Accordingly, a 10 % decrease in the average exchange rate would increase the income and operating result with the same numbers.

Net disagio in 2007 amounts to NOK 7 686K (2006: NOK 1 618K). Unrealized disagio regarding accounts receiveables as of 31 December 2007 amount to NOK 574K (2006: NOK 184K). The unrealized disagio is estimated as the difference between the exchange rate at the closing date and date of the transaction.
Accounts receivables as of 31 December 2007 are converted using the following exchange rates: EUR 7.961, USD 5.411 and JYP 0.0483

The recievables as of December 31 are distributed as follows:	2007	2006
USD	**2 490**	3 116
EUR	**6 775**	4 371
JPY	**301**	0
NOK	**409**	73

Credit risk:
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The Group's exsposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has carried out business with a number of its larger customers in the past years without suffering losses. The monitoring of these customers is arranged by the regions where account executives are responsible for individual customers.

The guidelines for offering credit to customers are given by the management and the credit risk exposure are evaluated continuously. All customers asking for credit above a given amount are given a credit rating.

The Group's limits of exposure to credit risk correspond to accounts receivables liquid assets as shown by the Group's balance sheet.

Credit risk regarding accounts receivables may be specified per region as follows (thousand NOK):

	2007	2006
Europe	**21 105**	10 714
USA/Canada	**10 443**	13 752
Asia	**36 707**	31 412
	68 254	55 878

Accounts receivables distributed by age are as of 31 December as follows (thousand NOK):

	2007		2006	
	Gross receivables	**Provision for bad debts**	Gross receivables	Provision for bad debts
Not past due	**52 427**	1	35 912	0
Past due 0-30 days	**5 125**	397	11 035	282
Past due 31-60 days	**3 856**	16	723	0
Past due 61-90 days	**1 418**	84	1 864	113
More than 90 days	**5 428**	2 507	6 344	311
Total	**68 254**	3 005	55 878	706

Note 5 Financial market risk (continued)

[Numbers in TNOK]

The provision for bad debts is established on an evaluation of each customer.

Change in provision for bad debts may be specified as follows (thousand NOK):

	2007	2006
Provision as of 1 January	**706**	688
Change in provision for bad debts recognized in the profit and loss account	**2 300**	18
Provision as of 31 December	**3 006**	706
Realized losses, recognized directly in P/L	**278**	2 566
Received from previously written-down bad debts	**-1 065**	0

Intrest risk and cash unit trust:
As of 31 December 2007, the Group has invested in three money market funds. The company's money market funds are booked at fair value and included in Cash and cash equivalents since the money immediately can be redeemed from the funds. There is a potential risk of losses on the redemption of units occurring after 31 December 2007.

The Group's intrest risk is considered as low owing to the fact that it does not have any liabilities bearing interests.

Liquidity risk:
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.
The Group considers its liquidity risk as low given its considerable liquidity reserves

Out of short-term liabilities, NOK 26 635K (2006: NOK 22 495K) relates to prepaid revenues that have no future cash payments.

Capital management:
In order to achieve the Group's aggressive, long-term objectives, the Group's policy is to maintain a high equity-to-assets ratio.
Owing to the planned expansion and growth of its business, the Group does not expect to issue any share dividends, in the following years.
The Group still has a business model which indicates a considerable cash flow in the future. Consequently, the Group`s capital requirements and the ability to issue share dividends can be maintained, provided growth targets are reached.

The group has issued options to its employees in accordance with its objective that employees shall hold company shares.

The board of director has not, as of 31 December, used its authorization to buy the Group's own shares.

Note 6 Tax

[Numbers in TNOK]

Consolidated Group		**01.01 - 31.12**	01.01 - 31.12
	2007	2006	2005
Tax expense for the year			
Current tax	**2 486**	774	1 781
Deferred tax - gross changes	**-428**	-8 059	402
Taxes on capital raising costs	**83**	2 349	22
Tax payable abroad	**6 912**	4 509	0
Too much/litle booked taxes previous year	**0**	22	-386
Total tax expense for the year	**9 053**	-405	1 819
Specification of tax payable:			
Current tax	**2 486**	774	1 781
Taxes on capital raising costs	**0**	0	22
Too much/little booked taxes previous year	**0**	0	-386
Tax settlement previous year	**0**	0	-526
Prepaid tax Hern Labs/branches	**-904**	-574	-240
Taxes on capital raising costs	**0**	0	-22
Tax paid to a foreign country	**860**	0	-80
Total tax payable	**2 443**	201	549

**Recognized deferred tax assets and liabilities/
Deferred tax assets and liabilities are
attributable to the following:**

	Assets		**Liabilities**		**Net**	
	2007	2006	**2007**	2006	**2007**	2006
Inventory, office machinery etc.	**-546**	0	**927**	784	**381**	784
Accounts receivable	**-703**	0	**0**	293	**-703**	293
Payroll tax on share options	**-538**	-869	**0**		**-538**	-869
Tax value of loss carry-forwards	**-8 864**	-9 504	**0**		**-8 864**	-9 504
Deferred taxes/ (tax assets)	**-10 651**	-10 373	**927**	1 077	**-9 724**	-9 296
Set off of tax	**927**	723	**-927**	-723	**0**	0
Net deferred taxes / (tax assets)	**-9 724**	-9 650	**0**	354	**-9 724**	-9 296

Note 6 Tax

[Numbers in TNOK]

Deferred tax assets and liabilities/ Movement in temporary differences during the year	**Balance 01.01.06**	**Posted to P/L**	**Posted directly to the equity**	**Balance 31.12.06**
Inventory, office machinery, etc.	440	328	16	784
Accounts receivable	-131	424	0	293
Liabilities	-1 546	677	0	-869
Loss carry forward	0	-7 139	-2 365	-9 504
Deferred taxes / (tax assets)	-1 237	-5 710	-2 349	-9 296

	Balance 01.01.07	**Posted to P/L**	**Posted directly to the equity**	**Balance 31.12.07**
Inventory, office machinery, etc.	784	-361	-42	381
Accounts receivable	293	-995	0	-702
Liabilities	-869	332	0	-537
Tax value of loss carry-forwards utilized	-9 504	679	-41	-8 866
Deferred taxes / (tax assets)	-9 296	-345	-83	-9 724

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

Change in deferred tax assets directly posted against the equity capital	**Note**	**2007**	2006
Capital raising costs	**9**	**-41**	2 365
Total deferred taxes posted directly against the equity		**-41**	2 365

Reconciliation of effective tax rate		**2007**		2006
Profit before tax		**21 521**		-18 596
Income tax using the domestic corporation tax rate	28,0%	**6 026**	28,0%	-5 207
Too much/little booked taxes previous year	0,0%	**0**	0,0%	0
Tax paid to a foreign country	0,0%	**0**	-17,5%	3 247
Effect of different tax rates between countries	3,1%	**660**	0,4%	-75
Taxes on other permanent differences	11,0%	**2 367**	-8,6%	1 608
	42,1%	**9 053**	2,2%	-427

Permanent differences

Permanent differences do not include non-deductable costs, including costs related to share-based remuneration.

Tax paid abroad is according to the tax calculation regarding 2006 recognized as allowances due to the fact that the company suffered a deficit and consequently does not have any payable tax to deduct the tax tax paid abroad.
Given the legislation amendment in 2007, tax paid abroad which can not be deducted from the Norwegian tax may be carried forward for deductions in subsequent years.

Note 7 Fixed assets

[Numbers in TNOK]

Consolidated Group	Cost rented premises	Machinery and equipment	Fixtures and fittings	Goodwill	2007 Total	2006 Total
Acquisition cost						
Acquisition cost as of 01.01	9 440	15 386	5 578	7 857	**38 261**	24 473
Acquisitions	615	4 333	926	0	**5 874**	13 644
Disposals	0	0	0	0	**0**	0
Currency differences	0	-103	-119	0	-222	144
Acquisition cost as of 31.12	**10 055**	**19 616**	**6 385**	**7 857**	**43 913**	38 261
Depreciation						
Depreciation as of 01.01	3 058	5 281	3 389	4 715	**16 443**	12 080
Disposals fixed assets	0	0	0	0	**0**	0
Accumulated depreciation as of 31.12	4 608	9 146	4 470	4 715	**22 928**	16 443
Net book value as of 31.12	**5 447**	**10 470**	**1 915**	**3 142**	**20 975**	21 818
Depreciation for the year	1 550	3 865	1 081	0	**6 496**	4 364
Useful life	5 years	Up to 4 years	Up to 5 years	Undertermined		
Depreciation plan	Linear	Linear	Linear	No depreciation		

Goodwill relates to the acquisition of the company Hern Labs AB. See Note 9.

Operating leases:
The most significant agreements are the rental of premises in Norway and Sweden.
The Group rents offices in Waldemar Thranes Gate 84, 86 and 98. The Group has entered into a new lease in 2005 lasting throughout 2010 with an option for renewal. The lease agreement is, according to IAS 17, considered as an operating lease.

	2007	2006
Leasing costs expensed	**7 605**	6 097
Duration of the lease contract	**31.12.10**	31.12.10

	2007	2006
Non-terminable operating leases due in:		
Less than one year	**9 145**	6 200
Between one to five years	**16 542**	15 600
More than five years	**0**	0
	25 687	21 800

Note 8 Investment in subsidiaries

[Numbers in TNOK]

Company	Hern Labs AB	Opera Software International AS
Formal information		
Date of purchase	13.12.2000	05.01.2005
Registered office	Linköping in Sweden	Oslo in Norway
Ownership interest	100%	100%
Proportion of votes	100%	100%
Information related to the date of purchase (in the year of purchase)		
Purchase cost	7 965	1 006
Goodwill at acquisition cost	7 857	0

Opera Software ASA's financial statement are available at Opera Software ASA's headquarters at Waldemar Thranes gt. 98 in Oslo, Norway.

The Company has bought Motivation AS shares for NOK 50K. The company has bought ZIZZR AS shares for NOK 500K. The investment is written down in its entirety.

Information regarding goodwill in accordance with change in accounting principles to IFRS:

Acquisition cost	7 857
Accumulated depreciation as of 31.12.04	6 287
Net book value as of 31.12.04	1 570
Reversed depreciation 2004	1 572
Net book value as of 01.01.04	3 142

Testing at a decrease in value for cash generating units including goodwill.
Recognized goodwill is related to the acquisition of the company Hern Labs AB. Hern Labs AB is a development company that delivers development services to Opera Software ASA. Hern Labs AB uses a cost-plus model. Hence, it is difficult to estimate the value of Hern Labs AB on the basis of its cash flows. The Opera Software ASA Group is thus considered to be the smallest cash generating unit. As the recognized goodwill is considered to be immaterial, the group has not performed a complete impairment test as of 31 December 2007, according to IAS 36. The Group considers it is unnecessary to recognize an impairment loss concerning goodwill. This judgment has, among other things, been based on the fact that the market value of the Opera Group is considerably higher than the equity.

Note 9 Shareholders' equity and information

[Numbers in TNOK]

	Face value	Number	Share capital	Premium fund	Other reserves	Translation differences	Other equity	Total
Equity as of 31.12.2005	**0,02**	**102 827**	**2 056**	**208 188**	**21 802**	**-98**	**58 002**	**289 950**
Increase of equity	0,02	14 101	282	233 002	-14 270			**219 014**
Increase of equity not registered in 2005					3 126			**3 126**
Share-based remuneration, net after taxes					5 453			**5 423**
Total recognized income and expense						118	-18 191	**-18 073**
Equity as of 31.12.2006	**0,02**	**116 928**	**2 338**	**441 190**	**16 111**	**20**	**39 811**	**499 470**
Changes in equity in current year								
Increase of equity 2006 registered in 2007	0,02	388	8	3118	-3126			**0**
Increase of equity January	0,02	113	2	718				**720**
Increase of equity June	0,02	1 727	35	9 166				**9 201**
Increase of equity December	0,02	388	8	2 887				**2 895**
Issue expenses				-147				**-147**
Impacts of tax of equity transactions				41				**41**
Share-based remuneration, net after taxes					8 992			**8 992**
Total recognized income and expense						-1 472	12 468	**10 996**
Equity as of 31.12.2007	**0,02**	**119 542**	**2 391**	**456 973**	**21 977**	**-1 452**	**52 279**	**532 168**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the General Meeting.
All shares rank equally with regard to the Group's residual assets. The Group does not have any preference shares.
For information regarding share options, please see the accompanying Note no. 3.

The Board of Directors have proposed that no dividends will be paid out based on the annual accounts from 2007.

On June 21st 2007, the General Meeting also decided to authorize the Board of Directors to buy back Opera stock up to ten (10) per cent of the share capital, NOK 228K. Accordingly to the authorization, the Board may buy stock at a price between NOK 0.02 and NOK 50. The stock can be used in conjuction with purchases and incentive plans for employees and board members. The authorization remains in effect until the next General Meeting, but not beyond June 30th 2008.

On June 21st 2007, the General Meeting decided to give the Board of Directors a authority to increase the share capital by NOK 228K.
The Board of Directors have used the authority during 2007 and increased the share capital by NOK 43K. Rest of the authority not used by 31 December 2007 is NOK 185K. The authority is valid until the next ordinary General Meeting, still no later than 30 June 2008.

Paid in, not registered increase of capital

The increase in capital decided 20 December 2006 was registered in the Register of Business Enterprises in 2007 and is therefore presented as an increase of equity not registered in 2006. The new shares give the right to dividends from fiscal year 2006.

Note 9 Shareholders' equity and information

[Numbers in TNOK]

Ownership structure:

Shareholders with more than 1% of Opera Software ASA shares as of 31 December 2007 were the following:

	Number of Shares	Owners' share	Voting share
Amadeus Invest II AS	19 026 755	15,92%	15,92%
JPMorgan Chase Bank	18 000 000	15,06%	15,06%
Arepo As	15 512 120	12,98%	12,98%
Caprice AS	10 189 605	8,52%	8,52%
Skandinaviska Enskilda Banken	2 960 377	2,48%	2,48%
Vital Forsikring ASA	2 635 805	2,20%	2,20%
Sundt AS	2 542 933	2,13%	2,13%
DNB NOR Nordic Techn VPF	2 461 476	2,06%	2,06%
Arion Custody	1 972 100	1,65%	1,65%
Commerzbank AG	1 889 500	1,58%	1,58%
Verdipapirfondet KLP AKSJENORGE	1 685 000	1,41%	1,41%
DNB NORGE (IV) VPF	1 438 427	1,20%	1,20%
Nordnet Securities Bank AB	1 336 734	1,12%	1,12%
JP Morgan Chase Bank	1 320 000	1,10%	1,10%
RO Invest AS	1 249 000	1,04%	1,04%
Sum	**84 219 832**	**70,45%**	**70,45%**
Other shareholders	35 322 414	29,55%	29,55%
Total numbers of shares	**119 542 246**	**100,00%**	**100,00%**

Note 10 Accounts receivable, other receivables, accounts payable and other payables

[Numbers in TNOK]

Financial assets and liabilities mainly comprise short term items (no interest bearing). Based on this, management considers that Opera Group does not have financial assets or liabilities with potentially significant differences between net book value and fair value.

Note 11 Contingent liabilities

[Numbers in TNOK]

Claim for compensation from former Japanese distributor:
During the spring of 2004, Opera replaced its distributor in Japan. Following this, the former distributor launched a claim against Opera based on their assertion that Opera is obliged to purchase back their inventory of unsold Opera products. In Opera's opinion, the claim clearly lacks merit. Opera has contested the claim and will continue to do so vigorously.

The distributor took legal proceedings against Opera and Opera's new distributor at the Court of Tokyo, June 2005. The proceeding was served to Opera in October 2005. According to the proceeding, Opera and the new distributor are sued for JPY 41 052 520 (approx. NOK 7,141K). The contract is governed by Norwegian law and all disputes must be resolved by the courts of Norway. The complaint was dismissed by the courts of Tokyo in 2006. Opera assumes that this makes it unlikely that the distributor will pursue the claim. Consequently, the group has not booked any accruals in the financial statements related to the issue.

Note 12 Subsequent events

No subsequent events after the reporting date have occured that are necessary to be included in the financial statements.

Note 13 Accounting estimates and judgements

Management has evaluated the development, selection, and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates.

Key sources of estimation uncertainty

Based on signed contracts with large, established market participants, Opera develops and adjusts the Opera browser so that it is compatible with mobile phones, game consoles, etc. The adjustments and modifications are done continuously over time. Hence, income and costs are booked in accordance with the percentage of completion method. Estimation of degree of completion is based on best estimate. The management's choice of estimates for degree of completion will have a considerable effect on booked income.

The company has in Note 5 given a detailed analysis of the currency risk and risk related to changes in the foreign exchange rates.

The group has established an option program for its employees. The options are booked in accordance with IFRS 2. The option costs are estimated on a basis of various assumptions, such as volatility, interest level, dividend, and the assumption of how many that will exercise their options, etc. The chosen assumptions can have a great impact on the size of the option cost. The assumptions are given in Note 3.

Critical accounting judgments in applying the company's accounting policies

The group has considered its activities related to technological development compared to the requirements in IAS 38. Based on this evaluation, it has been decided not to post expenses related to these activities to the balance sheet. The reasoning for this is that the group has entered into contracts with customers, committing the group to develop a custom-made browser for a settled fee. The fee received is meant to compensate Opera's expenses related to this specific technological development. These projects are booked in accordance with the percentage of completion method, which states that related income and expenses should be booked in the same period. Other activities are defined as research and the costs are expensed as they are incurred.

In some contracts, Opera receives a fee which covers development, a guaranteed number of licenses, as well as maintenance in the subsequent period. The elements in the different contracts are assessed in accordance with best estimate of true value and booked as the elements are delivered. If the elements can not be separated, all income is booked in aggregation in accordance with the percent-of-completion method.

Note 14 Related parties

The group has not been involved in any transactions with related parties, with its directors and executive officers, except for transactions with the subsidiaries Hern Labs and Opera Software International AS. Please see the accompanying Notes 3 and 8. A former board member, John Patrick received a fee in 2007 for consultancy service to Opera Software ASA.

The agreement was from 1 July 2005 and ended 21 June 2007 when John Patrick left the board of directors.

Transactions with key management personnel

Directors and key management personnel of the Group and their immediate relatives control 29 % of the voting shares of the Group. The Group have not given any loans to directors or key management personnel as of 31 December 2007 and as of 31 December 2006.

Executive officers also participate in the group's share option programme (see Note 3)

Key management personnel compensations can be found in Note 3.

Note 15 Earnings per share

[Numbers in NOK]

	2007	2006	2005
Net result	**12 468 000**	-18 191 000	2 799 000
Time average of outstanding shares 1)	**118 283 045**	102 807 080	100 698 801
Earnings per share	**0,105**	-0,177	0,028
Equity-diluted earnings per share	**0,104**	-0,177	0,027

Basic earnings per share

The calculation of basic earnings per share at 31 December 2007 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ending 31 December 2007 are calculated as follows:

		2007	2006	2005
1)	Calculation of average number of shares			
	Number of shares outstanding as of January 1	116 928 200	102 807 080	99 265 497
	Share issue 09.01.2007 (357 days)	489 041		
	Share issue 05.07.2007 (179 days)	846 695		
	Share issue 13.12.2007 (18 days)	19 110		
	Share issue 19.10.2006 (73 days)		70 000	
	Share issue 12.06.2006 (201 days)		1 196 088	
	Share issue 03.04.2006 (272 days)		484 384	
	Share issue 17.01.2006 (348 days)		500 548	
	Share issue 06.06.2005 (208 days)			1 508 250
	Share issue 20.09.2005 (102 days)			2 053 333
	Average number of shares	118 283 045	102 807 080	100 698 801
	The following equity instruments has diluting effect			
	Options	7 632 160	4 256 500	6 791 500
	Warrants	-	0	350 000
	Total	7 632 160	4 256 500	7 141 500

The options and the warrants have various call prices and reflect a cash inflow of NOK 70 675K (2006; 52 146K). According to GAAP regarding earnings per share, the cash inflow is included in the calculations of diluted earnings per shares.

Average market value, which is used in the calculations, is calculated as the average share price in the period 01.01 - 31.12.2007 (2006; 01.01-31.12.2006). The average market value is calculated to be NOK 13.71 (2006; 20.92).

	2007	2006	2005
Options and warrants	7 632 160	4 256 500	7 141 500
Number of bought shares 70 675/13.71 (2006;TNOK 52 146/20.92)	5 155 016	2 492 668	3 963 592
Number of shares with diluting effect	2 477 144	1 713 832	3 177 908
Expected options to be exercised	1 643 634	1 456 757	3 177 908

Opera Software ASA

Parent Company Annual Accounts 2007

Profit and loss account

[Numbers in TNOK]

Parent		01.01 - 31.12		
		IFRS	IFRS	IFRS
Numbers in TNOK	Note	2007	2006	2005
Revenue	1, 2, 4	315 466	213 731	153 954
Other income		0	53	0
Total operating income		315 466	213 784	153 954
Cost of goods sold		2 143	4 641	0
Payroll and related expenses	3	148 390	119 941	92 071
Depreciation expenses	7	5 397	3 556	1 504
Other operating expenses	3, 4, 7, 15	153 863	115 117	61 009
Profit/loss from operation		5 673	-29 471	-630
Interest income	5	18 228	9 177	3 122
Other financial income	5	9 955	4 227	3 185
Interest expenses	5	-2	-15	-8
Other financial expenses	5	-17 849	-5 820	-2 173
Operating result before tax		16 006	-21 902	3 496
Tax on ordinary result	6	-6 817	1 309	-1 506
Net profit/loss for the year		9 189	-20 593	1 990
Earnings per share (NOK)	16	0,078	-0,200	0,020
Diluted earnings per share (NOK)	16	0,077	-0,200	0,019
Profit/ loss for the year is allocated as follows:				
Other equity		9 189	-20 593	1 990

Statement of recognized income and expense

[Numbers in TNOK]

Parent	Note	31.12.2007	31.12.2006
Net income recognized directly in equity		0	0
Profit for the period		9 189	-20 593
Total recognized income and expense for the period		9 189	-20 593
Attributable to:			
Equity holders of the parent		9 189	-20 593
Minority interest		0	0
Total recognized income and expense for the period	10	9 189	-20 593

Balance sheet

[Numbers in TNOK]

Parent	Note	31.12.2007	31.12.2006
Assets			
Fixed assets			
Tangible fixed assets			
Office machinery, equipment, etc.	7	**15 221**	16 649
Total tangible fixed assets		**15 221**	16 649
Financial fixed assets			
Deferred tax asset	6	**9 774**	9 638
Investments in subsidiaries	8	**8 971**	8 971
Investments in other shares		**50**	50
Total financial fixed assets		**18 795**	18 659
Total fixed assets		**34 016**	35 308
Current assets			
Receivables			
Accounts receivables	5, 9,11	**64 830**	54 779
Unbilled revenue	11	**40 700**	43 636
Other receivables	9, 11	**35 886**	20 429
Total receivables		**141 416**	118 844
Cash and cash equivalents	5	**454 180**	419 278
Total current assets		**595 596**	538 122
Total assets		**629 612**	573 430

Balance sheet

[Numbers in TNOK]

Parent	Note	31.12.2007	31.12.2006
Shareholders' equity and liabilities			
Equity			
Paid-in capital			
Share capital	10	**2 391**	2 338
Share premium reserve	10	**456 973**	441 190
Other reserves	10	**21 977**	16 110
Total paid-in capital		**481 341**	459 638
Retained earnings			
Other equity	10	**49 135**	39 946
Total retained earnings		**49 135**	39 946
Total equity attributable to equity holders of the parent		**530 476**	499 584
Liabilities			
Current liabilities			
Account payable	9, 11	**39 022**	23 253
Taxes payable	6	**859**	0
Social security, VAT, and other taxation payable	11	**10 502**	12 371
Other short-term liabilities	9, 11	**48 753**	38 222
Total short-term liabilities		**99 136**	73 846
Total liabilities		**99 136**	73 846
Total equity and liabilities		**629 612**	573 430

Oslo, 25 March 2008

William J. Raduchel
Chairman of the Board

Michael Tetzschner

Kari Stautland

Lars Rabæk Boilesen

Silvija Seres

Charles McCathieNevile
Employee representative

Stig Halvorsen
Employee representative

Jon S. von Tetzchner
Chief Executive Officer

Cash flow statement

[Numbers in TNOK]

Parent	Note	01.01 - 31.12 2007	2006
Cash flow from operating activities			
Profit/loss before taxes		**16 006**	-21 902
Taxes paid	6	**-6 052**	-5 058
Depreciation expenses	7	**5 397**	3 556
Impairment of shares	8	**500**	0
Changes in accounts receivable *		**-7 116**	-16 450
Changes in accounts payable		**1 022**	15 915
Changes in other accruals		**7 953**	15 482
Share-based payments with no cash effect	3	**8 992**	5 452
Net cash flow from operating activities		**26 702**	-3 005
Cash flow from investment activities			
Acquisition of tangible fixed assets	7	**-3 971**	-12 289
Acquisition of shares	8	**-500**	-50
Net cash flow from investment activities		**-4 471**	-12 339
Cash flow from financing activities			
Proceeds from issue of share capital	10	**12 671**	219 775
Net cash flow from financing activities		**12 671**	219 775
Net change in cash and cash equivalents		**34 902**	204 431
Cash and cash equivalents 01.01 **		**419 278**	214 847
Cash and cash equivalents 31.12		**454 180**	419 278

* Changes in unbilled revenue is included in changes in accounts receivable in the cash flow statement.
** Cash and cash equivalents of NOK 7 829K are restricted assets as of 31 December 2007, and NOK 7 387K is restricted assets as of 31 December 2006.

Note 1 Accounting principles

Information about the accounting principles are given in Note 1 in the consolidated financial statement.

Note 2 income

Information about the income are given in Note 2 in the consolidated financial statements.

Note 3 Wage costs/ Number of employees/Remunerations

[Numbers in TNOK]

	Parent 01.01 - 31.12 2007	2006	2005
Salaries	**114 354**	90 573	68 391
Social Security cost	**16 020**	16 011	15 596
Pension cost	**4 803**	3 529	1 289
Equity settled share-based payments	**8 992**	5 453	2 995
Other payments	**4 221**	4 375	3 800
Wage cost	**148 390**	119 941	92 071
Man-years	**263**	214	193

The company has established a pension scheme for the Norwegian employees. The pension's scheme is a defined contribution plan which comprises the new requirements with regards to Obligatorisk Tjeneste Pensjon (OTP))

Remuneration to key management personnel

Information about remuneration to key management personnel is given in Note 3 in the consolidated financial statements.

Independent auditors

The total fees billed by independent auditors during 2007 was TNOK 941. This is broken down as following:

Statutory audit	408
Assurance services	39
Tax advisory fee	98
Other services	396
Total	941

Options

Information about optons are given in Note 3 in the consolidated financial statements.

Note 4 Other expenses

[Numbers in TNOK]

	2007	2006	2005
Intercompany services	**97 876**	55 593	21 244
Consultancy fees for technical development	**5 544**	2 523	2 880
Rent and other office expenses	**10 663**	10 030	6 600
Inventory	**4 792**	6 147	5 152
Audit, legal, and other advisory services	**7 908**	9 554	4 068
Travel expenses	**9 547**	9 699	6 175
Other expenses	**17 533**	21 571	14 890
Total other expenses	**153 863**	115 117	61 009

Research

Opera Software ASA has purchased services concerning the source code of Opera's browsers from Hern Labs AB for NOK 36 631K (2006; 31 337K). The research costs are included in other operating costs in the income statement, and under intercompany services above.

The expenses for research for source code is mainly salaries. These salaries are for the company estimated to be NOK 136 222K (2006; NOK 81 910K).

Intercompany service

The company purchases marketing services from the subsidiary Opera Software International AS, which has branches/subsidiaries in Japan, USA, Korea, China, and India. The cost is included in intercompany services above.

Note 5 Financial market risk

Information about financial market risk is given in Note 5 in the consolidated financial statements.

Note 6 Tax

[Numbers in TNOK]

Parent	01.01 - 31.12 2007	01.01 - 31.12 2006	2005
Current tax:			
Profit/loss before taxes	**16 006**	-21 902	3 496
Permanent differences in profit and loss	**8 341**	5 630	3 265
Tax deductible emission cost booked against equity	**-146**	-8 446	-79
Taxes paid abroad	**0**	-4 509	0
Changes in temporary differences	**2 729**	-4 673	2 050
Use of taxable loss carried forward	**-26 930**	0	-3 226
Basis for current tax	**0**	-33 900	5 506
Tax 28%	**0**	0	1 542
Current tax	**0**	0	1 542
Tax expense for the year			
Current tax	**0**	0	1 542
Deferred tax - gross changes	**-136**	-8 183	329
Taxes on capital raising costs	**41**	2 365	22
Tax paid abroad	**6 912**	4 509	0
Too much booked taxes previous year		0	-386
Total tax expense for the year	**6 817**	-1 309	1 506
Specification of tax payable:			
Current tax	**0**	0	1 542
Taxes on capital raising costs	**0**	0	22
Too much booked taxes previous year	**0**	0	-386
Tax settlement previous year	**0**	0	-527
Taxes on capital raising costs	**0**	0	-22
Tax paid to a foreign country	**859**	0	-80
Total tax payable	**859**	0	549

Recognized deferred tax assets and liabilities/

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2007	2006	**2007**	2006	**2007**	2006
Inventory, office machinery, etc.	**0**	0	**330**	430	**330**	430
Accounts receivable	**-703**	0		293	**-703**	293
Liabilities	**-538**	-869			**-538**	-869
Tax value of loss carry-forwards	**-8 864**	-9 492			**-8 864**	-9 492
Deferred taxes/ (tax assets)	**-10 104**	-10 361	**330**	723	**-9 775**	-9 638
Supplementary taxation	**330**	723	**-330**	-723	**0**	0
Net deferred taxes / (tax assets)	**-9 775**	-9 638	**0**	0	**-9 775**	-9 638

Note 6 Tax

[Numbers in TNOK]

Deferred tax assets and liabilities/ Movement in temporary differences during the year	**Balance 01.01.06**	**Posted to P/L**	**Posted directly to the equity capital**	**Balance 31.12.06**
Inventory, office machinery, etc.	223	207	0	430
Accounts receivables	-131	424	0	293
Liabilities	-1 546	677	0	-869
Losses carried forward	0	-7 127	-2 365	-9 492
Deferred taxes / (tax assets)	-1 454	-5 819	-2 365	-9 638

	Balance 01.01.07	**Posted to P/L**	**Posted directly to the equity capital**	**Balance 31.12.07**
Inventory, office machinery, etc.	430	-100		330
Accounts receivable	293	-995		-703
Liabilities	-869	332		-538
Losses carried forward	-9 492	669	-41	-8 864
Deferred taxes / (tax assets)	-9 638	-95	-41	-9 775

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

Change in deferred tax asset directly posted against the equity capital	**Note**	**2007**	2006
Capital raising costs	**10**	**41**	2 365
Total deferred taxes posted directly against the equity		**41**	2 365

Reconciliation of effective tax rate		**2007**		**2006**
Profit before tax		**16 006**		-21 902
Income tax using the domestic corporation tax rate	28,0%	**4 482**	28,0%	-6 133
Too much booked taxes previous year	0,0%		0,0%	0
Tax paid to a foreign country	0,0%		-14,8%	3 247
Taxes on other permanent differences	14,6%	**2 336**	-7,2%	1 577
	42,6%	**6 818**	6,0%	-1 309

Permanent differences

Permanent differences do not include non-deductable costs, including costs related to share-based remuneration.

Taxes paid abroad are in the tax calculation presented as part of the losses carry forward, as these can be utilized to offset future taxes.

Note 7 Fixed assets

[Numbers in TNOK]

Parent	Cost rented premises	Machinery and equipment	Fixtures and fittings	**2007 Total**	2006 Total
Acquisition cost					
Acquisition cost as of 01.01	9 440	14 517	2 511	**26 468**	14 179
Acquisitions	615	3 178	177	**3 970**	12 289
Acquisition cost as of 31.12	**10 055**	**17 695**	**2 688**	**30 438**	26 468
Depreciation					
Depreciation as of 01.01	3058	5 120	1 642	**9 820**	6 264
Impairment losses	1 550	3 577	270	**5 397**	0
Accumulated depreciation as of 31.12	4 608	8 697	1 912	**15 217**	9 820
Net book value as of 31.12	**5 447**	**8 998**	**776**	**15 222**	16 649
Depreciation for the year	1 550	3 577	270	**5 397**	3 556
Useful life	5 years	Up to 4 years	Up to 5 years		
Depreciation plan	Linear	Linear	Linear		

Operating leases:

Information about operating leases are given in Note 8 in the consolidated financial statements.

Note 8 Investment in subsidiary

[Numbers in TNOK]

The shares in the subsidiaries are booked according to cost of acquisition.

Company	Hern Labs AB	Opera Software International AS
Formal information		
Date of purchase	13.12.2000	05.01.2005
Registered office	Linköping in Sweden	Oslo in Norway
Ownership interest	100%	100%
Proportion of votes	100%	100%
Information related to the date of purchase (in the year of purchase)		
Purchase cost	7 965	1 006

Opera Software ASA's financial statement is available at Opera Software ASA's headquarter at Waldemar Thranes gt. 98 in Oslo, Norway

The company owns shares in Movation AS at NOK 50K.

The company has bought ZIZZR AS shares for NOK 500K. The shares have been written down in their entirety.

Note 9 Outstanding accounts between companies within the same group, etc.

[Numbers in TNOK]

	Accounts receivables		Other receivables	
	31.12.2007	31.12.2006	**31.12.2007**	31.12.2006
Entity within group	**0**	0	**26 423**	12 921
Sum	**0**	0	**26 423**	12 921

	Other long term liabilities		Accounts payable	
	31.12.2007	31.12.2006	**31.12.2007**	31.12.2006
Entity within group	**0**	0	**32 354**	17 606
Sum	**0**	0	**32 354**	17 606

Note 10 Shareholders' equity and information

[Numbers in TNOK]

Parent	Face value	Number	Share capital	Premium fund	Other reserves	Other equity	Total
Changes in equity in current year							
Equity as of 31.12.2005	**0,02**	**102 827**	**2 056**	**208 188**	**21 802**	**60 538**	**292 584**
Increase of equity 2005, registered in 2006	0,02	5 079	102	14 168	-14 270		**0**
Increase of equity in April	0,02	6 500	130	211 120			**211 250**
Increase of equity in June	0,02	2 172	43	12 927			**12 970**
Increase of equity in October	0,02	350	7	868			**875**
Costs concerning equity issue transactions				-8 446			**-8 446**
Tax effect of equity capital transactions				2 365			**2 365**
Increase of equity not registered in 2006					3 126		**3 126**
Share-based remuneration, net after taxes					5 453		**5 453**
Total recognized income and expense						-20 593	**-20 593**
Equity as of 31.12.2006	**0,02**	**116 928**	**2 338**	**441 190**	**16 110**	**39 946**	**499 584**
Changes in equity in current year							
Increase of equity 2006, registered in 2007	0,02	388	8	3 118	-3 126		**0**
Increase of equity in January	0,02	113	2	718			**720**
Increase of equity in June	0,02	1 727	35	9 166			**9 201**
Increase of equity in December	0,02	388	8	2 887			**2 895**
Costs concerning equity issue transactions				-147			**-147**
Tax effect of equity capital transactions				41			**41**
Share-based payments, net after taxes					8 992		**8 992**
Total recognized income and expense						9 189	**9 189**
Equity as of 31.12.2007	**0,02**	**119 542**	**2 391**	**456 973**	**21 977**	**49 135**	**530 476**

Free equity

The company has a free equity of NOK 61 337K as of 31 December 2007. Further information about shareholders' equity is given in Note 9 in the consolidated financial statements.

Note 11 Accounts receivable, other receivables, accounts payable and other payables

Book value of receivables due in more than one year

Financial assets and liabilities mainly compromise short-term items (non-interest bearing). Based on this, it is management's assessment that Opera Group does not have financial assets or liabilities with potentially significant differences between net book value and fair value.

Note 12 Contingent outcome

Information about contingent outcome is given in Note 11 in the consolidated financial statements.

Note 13 Subsequent event

Subsequent to the balance sheet date, the company is not aware of any issues that will have a significant impact on the financial statements.

Note 14 Accounting estimates and judgements

Information about accounting estimates and judgements is given in Note 13 in the consolidated financial statements.

Note 15 Related parties

The company has not been involved in any transactions with related parties, with its directors and executive officers, except for transactions with the subsidiaries Hern Labs and Opera Software International AS. Please see Notes 4, 8 and 9. The transactions with the subsidiaries are based on a model where the parent company covers the cost plus a margin. The margins are based on the arm-length principle.

Transactions with key management personnel

Directors and key management personnel of the Company and their immediate relatives control 29% of the voting shares of the Company. The company did not have any loans to directors or key management personnel as of 31 December 2007 and as of 31 December 2006.

A former board member, John Patrick received a fee, in 2007 for consultancy service to Opera Software ASA. The agreement was from July 1 2005 and ended June 21 2007 when John Patrick left the board of directors.

Executive officers also participate in the company's share option programme (see Note 3)

For information regarding compensation for key management personnel, please see Note 3 in the group accounts.

Note 16 Earnings per share

[Numbers in TNOK]

	2007	2006	2005
Net result	**9 188 860**	-20 593 000	1 990 000
Time average of outstanding shares 1)	**118 283 045**	102 807 080	100 698 801
Earnings pr. share	**0,078**	-0,200	0,020
Equity diluted earnings per share	**0,077**	-0,200	0,019

Basic earnings per share

The calculation of basic earnings per share at 31 December 2007 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ended 31 December 2007 are calculated as follows:

		2007	2006	2005
1)	Calculation of average number of shares			
	Number of shares outstanding as of January 1	116 928 200	102 807 080	99 265 497
	Share issue 09.01.2007 (357days)	489 041		
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	Share issue 19.10.2006 (73 days)		70 000	
	Share issue 12.06.2006 (201 days)		1 196 088	
	Share issue 03.04.2006 (272 days)		484 384	
	Share issue 17.01.2006 (348 days)		500 548	
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	Share issue 20.09.2005 (102 days)			2 053 333
	Average number of shares	118 283 045	102 807 080	100 698 801
	The following equity instruments have a diluting effect			
	Options	7 632 160	4 256 500	6 791 500
	Warrants	-	-	350 000
	Total	7 632 160	4 256 500	7 141 500

The options and the warrants have various call prices and reflect a cash inflow of NOK 70 675K (2006; NOK 52 146K). According to the standard regarding earnings per share, the cash inflow is included in the calculation of diluted earnings per share.

Average market value, which is used in the calculations, is calculated as the diluted share price in the period 01.01-31.12.2007 (2006; 01.01-31.12.2006).
The average market value is calculated to be NOK 13.71 (2006; 20.92).

Options and warrants	7 632 160	4 256 500	7 141 500
Number of bought shares (NOK 70 675K/13.71)	5 155 016	2 492 668	3 963 592
Number of shares with diluting effect	2 477 144	1 763 832	3 177 908
Options expected to be exercised	1 643 634	1 499 257	3 177 908

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To the Annual Shareholders' Meeting of Opera Software ASA

AUDITOR'S REPORT FOR 2007

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of the Opera Software ASA as of 31 December 2007, showing a profit of NOK 9.189.000 for the parent company and a profit of NOK 12.468.000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU have been applied to prepare the financial statements. These financial statements and the Board of 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 on the 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 good auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards 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 estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice 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 are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and of the Group as of 31 December 2007, the results of its operations, its cash flows and the changes in equity for the year then ended, in accordance with the rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and comply with the law and regulations.

Oslo, March 25, 2008
KPMG AS

Henning Aass
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only

Corporate Governance

General Principles

Opera strongly believes that strong shareholder rights create higher firm value, higher profits, higher sales growth, and contribute to lower capital expenditures. As such, Corporate Governance is not just an empty phrase at Opera, but a real tool used in bridging the gap between management and shareholders, ensuring good corporate ethical behavior.

Opera is committed to maintaining high standards of Corporate Governance. Opera's principles of Corporate Governance have been developed in light of the Norwegian Code of Practice for Corporate Governance, dated 28 November 2006, as required for all listed companies on the Oslo Stock Exchange from the 2007 financial year. Opera views the development of high standards of Corporate Governance as a continuous process, will continue to focus on improving the level of Corporate Governance, and will update its guidelines and apply the new revised Code of Practice as published on 4 December 2007 from the 2008 financial year.

Opera's Activities

Opera's vision is to deliver the best Internet experience on any device. This is reflected in Article 3 of the Articles of Association, which reads "The Company's objective is development, production and sale of software and related services, and engagement in other companies or other similar business activities." However, reaching this goal is about much more than leading the innovation of Web technologies. Our business is based on close relationships with customers, partners, investors, employees, friends, and communities all over the world–relationships we are committed to by conducting our business openly and responsibly. Our corporate policies are developed true to this commitment.

Equity and dividends

To achieve its aggressive long-term growth targets, it is Opera's policy to maintain a high equity ratio. In view of the Company's planned expansion and growth of its business, the Company does not expect to pay dividends over the next few years. However, the company has a business model that allows for strong cash flow generation in the future. Consequently, Opera's needs for growth can be met while also maintaining a dividend distribution as long as the company is reaching targeted growth levels. Dividend payments will be subject to approval by the shareholders at the Company's annual General Meetings.

Mandates granted to the board of directors to increase the Company's share capital are restricted to defined purposes and are limited in time to no later than the date of the next Annual General Meeting. On the General Meeting held 21 June 2007, the Board of Directors was granted a the authority to increase the share capital of the company by up to NOK 228 800, which equals approx. 10% of the share capital, with the authority to waive the preemption 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 or for other purposes deemed appropriate by the Board of Directors. This mandate is valid until the date of the next Annual General Meeting but in no event longer than 30 June 2008. The Board of Directors have used the authority during 2007 and expanded the share capital by NOK52 000 (determined, but not registered, increase of equity). The rest of the authority not used by 31 December 2007 is NOK 176 000.

On the General Meeting 21 June 2007, the Board of Directors was granted a mandate to acquire on behalf of the company the company's own shares with a maximum aggregated par value of up to NOK 228 800, which equals approx. 10% of the share capital. The company can never acquire own shares if such acquisition would cause its holding of own shares to exceed 10% of the total number of shares in the company. The price per share shall be minimum NOK 0.02 and 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 30th June 2008. The Board of Directors did not make use of this mandate in 2007.

Equal treatment of shareholders and transactions with close associates

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

As mentioned above, on the General Meeting held 21 June 2007, the Board of Directors was granted a mandate to increase the share capital, hereunder the authority to waive the preemption rights of existing shareholders and to determine the consideration for shares issued in terms other than cash. The main reason is for the pre-emption of rights is that that the Company periodically could be confronted with situations where the Company can grow further by making use of rights issues to one or several strategic partners as well as through mergers and acquisitions with shares or cash, if the Company quickly can get in position to effectuate the necessary liquidity and/or shares. In addition, situations could occur where the Company's equity needs strengthening in order to ensure future conditions of operations.

Any transactions the Company carries out in its own shares take place in accordance with established practice and guidelines from the Oslo Stock Exchange. The Company has an established and closely monitored insider trading policy.

Freely negotiable shares

Opera has no limitations on the transferability of shares and has one class of shares. Each share entitles the holder to one vote.

General meetings

Through the General Meeting, the shareholders exercise the highest authority in the Company. General Meetings are held in accordance with the Norwegian Code of Practice for Corporate Governance. All shareholders are entitled to submit items to the agenda, meet, speak, and vote at General Meetings. The Annual General Meeting is held each year before the end of June. Extraordinary General Meetings may be called by the board of directors at any time. The Company's auditor or shareholders representing at least five percent of the total share capital may demand that an Extraordinary General Meeting be called.

General Meetings are convened by written notice to all shareholders with known addresses no later than 14 days prior to the date of the meeting. Proposed resolutions and supporting information is distributed to the shareholders no later than the date of the notice. Final deadline for shareholders to give notice of their intention to attend the meeting is at least one working day prior to the meeting. Shareholders who are unable to attend the meeting may vote by proxy. The Chairman, Vice-Chairman, Chairman of the Nomination Committee, CEO, CFO, and the auditor are all required to be present at the meeting in person. The Chairman for the meeting is generally independent. Notice, enclosure, and protocol of meetings are available on Opera's Web site.

The General Meeting elects the members of the Board of Directors (excluding employee representatives), determines the remuneration of the members of the board of directors, approves the annual accounts, and decides such other matters, which by law or the Company's articles of Association are to be transacted at the General Meeting.

Nomination committee

The Nomination Committee consists of three members, all of whom are elected at the general meeting, and is a body established pursuant to the Articles of Association. Members of the Nomination Committee serve for two year periods. The task of the Nomination Committee is to propose candidates for election as shareholder-elected members of the Board of Directors and to make recommendations regarding the remuneration of the members of the Board of Directors. Remuneration of the members of the Nomination Committee will be determined by the General Meeting. The Nomination Committee provides a brief reasoning for its proposals.

At the Annual General Meeting held on June 21, 2007, the following persons were elected as members of the Nomination Committee of the company: Christan Jebsen (chairman), Gro Mølleskog and Torkild Varran, of which none are from the Board of Directors or the executive management. The Nomination Committee's proposals are given to shareholders with at least two weeks notice of voting. Please see Opera's Web site for further information regarding the Nomination committee.

Composition and independence of the Board of Directors

The Board of Directors has the overall responsibility for the management of the Company. This includes a responsibility to supervise and exercise control of the Company's activities. The Board of Directors, shall according to the Articles of Association, consist of 5-10 members. The Board of Directors currently consists of seven members, five elected by the shareholders at the Annual General Meeting and two elected by the employees. The proceedings and responsibilities of the Board of Directors are governed by a set of rules of procedure.

It is the Company's intention that the members of the Board of Directors will be selected in the light of an evaluation of the Company's needs for expertise, capacity, and balanced decision making with the aim of ensuring that the Board of Directors can operate independently of any special interests; and that the Board of Directors can function effectively as a collegiate body. Please see Opera's Web site for a detailed description of the board members, including share ownership. Opera does not have a Corporate Assembly. At least half of the members of Board of Directors shall be independent of the Company's management and its main business connections. At least two of the shareholder-elected members of the Board of Directors shall be independent of the Company's main shareholder(s). The term of office for members of the Board of Directors is two years.

The work of the Board of Directors

The conduct of the board of directors is following the adopted rules of procedure for the Board of Directors. A specific meeting and activity plan is adopted towards the end of each year for the following period. The Board of Directors meets eight times a year, once for a two-day meeting, but holds additional meetings under special circumstances. Its working methods are openly discussed. Between meetings, the Chairman and Chief Executive Officer update the board members on current matters. There is frequent contact regarding the progress and affairs of the Company. Each board meeting includes a briefing by one of the functional or department managers of the company followed by Q&A. The board meetings are a continuous center of attention for the board, ensuring that the executive management maintains systems, procedures, and a corporate culture that promote compliance with legal and regulatory requirements and the ethical conduct of the business. One two-day meeting is dedicated to strategy. The Board of Directors annually evaluates its work, performance, and expertise, and the report is made available for the Nomination Committee. A Vice-Chairman has been elected for the purpose of chairing the Board of Directors in the event that the Chairman cannot or should not lead the work of the Board of Directors. The Board elected a Compensation Committee in 2006. The Board has decided not to elect an Audit Committee in light of the reduction of the Board from ten to seven members after the General Meeting on June 21 2007 but will consider the need for such Committee on an ongoing basis.

Risk management and internal control

Opera has established a comprehensive set of internal procedures and systems to ensure unified and reliable financial reporting. The Company's business areas must evaluate their internal control systems and procedures with regard to financial reporting annually. The Board receives monthly reports on the company's financial performance and status reports for the company's most important individual projects.

Remuneration of the Board of Directors

Remuneration for Board members is a fixed annual sum proposed by the Nomination Committee and approved at the Annual General Meeting. All remuneration to the board of directors is disclosed in Note 3 in the Annual Report.

A large number of the Company's shareholders are international with a different view to some of the Norwegian recommendations. Hence, Opera's Board members carry stock options in the Company, as disclosed in Note 3 in the Annual Report. This practice will be further limited in the future, but will not be excluded as a tool to enhance interest from particularly international experts and senior executives to join the Board.

Remuneration of the Executive Management

The Compensation Committee proposes remuneration for the Company's Executive Team and guidelines for the Company's compensation structure to the Board. Details concerning remuneration of the executive management, including all details regarding the CEO's remuneration, are given in the Annual Report, Note 3. The Board of Directors assesses the CEO and his terms and conditions once a year. The General Meeting is informed about incentive programs for employees. The Board of Director's declaration on the compensation policies of the Executive Team is found on page 31.

Information and communications

Communication with shareholders, investors, and analysts, both in Norway and abroad, is a priority for Opera. The Company's objective is to ensure that financial markets have sufficient information about the company to be certain that pricing reflects underlying values. During the announcement of quarterly and annual financial results, there is opportunity for management to answer questions from the Company's shareholders. Opera also arranges regular presentations in Europe and the USA in addition to holding meetings with investors and analysts. Important events affecting the Company are reported immediately to the Oslo Stock Exchange in accordance with applicable legislation, and posted on Opera's Web site.

Take-overs

The Board of Directors endorses the recommendation of the Norwegian Code of Practice for Corporate Governance. Opera has no active anti-takeover devices or "poison-pills". The Board of Directors will not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons for this. The Board intends to prepare guidelines for possible takeovers in the near future.

Auditor

The auditor participates in meetings of the Board of Directors that deal with the annual accounts and upon special request. Every year, the auditor presents to the board a report outlining the audit activities in the previous fiscal year and highlights the areas that caused the most attention or discussions with management, as well as a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement. The auditor will make himself available upon request for meetings with the board at which no member of the executive management is present, as will the board upon auditor's request. The General Meeting is informed about the company's use and remuneration of the auditor, and details are given in Note 3 in the Annual Report.

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