

TANDBERG Reports Second Quarter 2007 Results

Revenue of 143.8 MUSD and Operating Profit of 33.3 MUSD in 2Q07

OSLO and NEW YORK, July 11, 2007 – TANDBERG® (OSLO: TAA.OL), today announced financial results for the second quarter ended June 30, 2007.

Overview of 2Q07:

- Revenue of 143.8 MUSD with volume of 13,512 units
- Operating profit of 33.3 and pre-tax profit of 32.2 MUSD
- Operating expenses reflect investments in strategic initiatives
- Cash flow from operations of 25.8 MUSD

FINANCIALS

Second quarter revenues were at 143.8 MUSD compared with 96.5 MUSD in the same quarter last year. Gross margin for the quarter was 67.1%, compared with 66.3% in the same quarter last year. Selling, general & administrative (SG&A) expenses for 2Q07 totaled 57.1 MUSD, compared with 39.7 MUSD in the same quarter last year. Operating profit was 33.3 MUSD compared with 20.7 MUSD in the same quarter last year. Earnings per share (after tax) were 0.213 USD in 2Q07 compared with 0.128 USD in the same quarter last year.

The Company generated cash flow from operations of 25.8 MUSD in the quarter which after a net cash outflow from investments of 10.7 MUSD and a dividend of 14.6 MUSD, gave a total cash inflow of 0.5 MUSD. As of June 30, the Company had a cash balance of 140.9 MUSD and an equity ratio of 63.4%.

OPERATIONS

Discussing second quarter results, Fredrik Halvorsen, Chief Executive Officer, stated, “The industry momentum experienced in 1Q was maintained in 2Q. The Company executed solidly, and continued to grow. Video is becoming an integral part of the total converged IP communication solution.

TANDBERG is capturing this industry opportunity through continued investment in R&D, sales and scaling of its organization. In addition, the Company is executing on the strategic initiatives announced in 1Q07 to drive a distinct position within the changing competitive landscape.

Continued tight working capital management is evident from the balance sheet with DSOs at 59.8 days and stable inventory. “

MARKETS

In 2Q07, TANDBERG sold 13,512 units compared with 9,148 units in the same quarter last year, a 47.7% increase.

AMERICAS

Revenue in the Americas Theatre during 2Q07 totaled 77.2 MUSD compared with 52.8 MUSD the same quarter last year, maintaining strong sales performance. The Theatre continued to experience balanced growth and consistent execution, with strong growth in network and services sales.

These results reflect good industry momentum carried over from 1Q including development in the telepresence space, as executive buyers are actively evaluating Experia and joint TANDBERG and HP Halo solutions. The recent partner summit and trade shows attracted record levels of interest, and the TANDBERG 1700 MXP, the only HD executive workstation in the market, continues to outpace projections.

Channel development in the enterprise sector remains a key area of focus for the Americas team.

EMEA

Revenue in EMEA during 2Q07 totaled 51.9 MUSD, compared with 33.3 MUSD in the same quarter last year. All regions performed well, particularly Northern Europe and Spain.

The EMEA team experienced good traction in developing channels and global accounts. In addition, there was increased interest in the total solution, including telepresence.

EMEA will continue to invest to strengthen the organization.

ASIA PACIFIC

Revenue in APAC during 2Q07 totaled 14.7 MUSD, compared with 10.4 MUSD in the same quarter last year. Theatre performance was on track for the quarter, with particularly strong results in Australia.

Investments into China and Japan continue.

STRATEGIC INITIATIVES

IP communication is now being rapidly embraced, driving convergence of voice, video, and desktop collaboration. To take advantage of this market opportunity and establish a distinct position as a provider of Natural Communication, TANDBERG continues to execute along the three priorities outlined for 2007:

Sustain strong operating fundamentals: The Company maintained its focus on consistent execution in the field.

Address areas of opportunity in the core business in 2007: TANDBERG has built a leadership position through its total solution offering. The Company has continued to expand on this solution in the first half of 2007 launching:

- **TANDBERG Experia adaptive telepresence** solution provides meeting participants with an in-person experience — while being miles or continents apart. The Experia advantage is in its ability to adapt to multiple environments and to interoperate with other standards-based traditional video systems, providing the telepresence experience to a wider market.
- **TANDBERG Movi PC videoconferencing** enables everyone in an organization to communicate visually from anywhere. Movi is a centralized network device, with no locally installed software and a simple user interface, making it much easier to deploy and use than other PC video tools.
- **TANDBERG Entrypoint video access system** is a first-of-its-kind solution that allows any videoconferencing user to simply connect at a moment's notice with an enterprise, calling one main number to directly access information over a video menu system. This innovation opens the door to much more ad hoc use of video, dramatically expanding the use of existing video investments.

Invest aggressively to capture the converged IP communication opportunity. TANDBERG has outlined a SIP strategy that includes making video available and accessible on any enterprise network. Delivering on SIP, TANDBERG will provide customers the ability to connect people, not devices. The Company will execute this SIP strategy through both tighter integration of TANDBERG video systems with existing VOIP offerings and internal development.

ORGANIZATION

Tom Husebø is named Head of Investor Relations, a role previously held by Terje Rogne.

WEBCAST/CONFERENCE CALL DETAILS

Today at 5:00 pm Central European Time or 11:00 am Eastern Time, Fredrik Halvorsen, Chief Executive Officer, will host a live webcast/conference call from Oslo, Norway. Additionally, a PowerPoint presentation will accompany the webcast/conference call. To access the webcast, please visit:

<https://tandbergevents.webex.com>

For those who prefer to dial-in, the conference call can be accessed at +1.888.217.3982 (U.S. callers) +1.617.614.3936 (international). The audience passcode for the call is TANDBERG. An online archive of the broadcast will be available within one business day.

OSLO and NEW YORK, July 11, 2007

The Board of Directors of TANDBERG asa

Jan Chr. Opsahl (sign.)
Chairman

Fredrik Halvorsen (sign.)
Chief Executive Officer

For further information please contact Head of Investor Relations Tom Husebø, ph. + 47 98 28 98 08.

Third quarter results will be released on October 15, 2007.

PROFIT AND LOSS	APR - JUN		JAN - JUN		JAN - DEC
	2007	2006	2007	2006	2006
Figures in USD million					
Operating revenues	143.8	96.5	272.2	179.2	419.7
Cost of goods	47.3	32.5	89.4	58.1	136.9
Operating expenses	57.1	39.7	108.6	75.9	185.2
Depreciation	6.1	3.6	11.6	6.8	15.7
Operating profit	33.3	20.7	62.5	38.5	81.8
Net financial items	(1.1)	0.6	(0.9)	2.0	4.3
Profit before tax	32.2	21.4	61.6	40.5	86.2
Estimated tax*	9.0	6.0	17.3	11.3	25.1
Profit after estimated tax	23.2	15.4	44.4	29.2	61.1

* Estimated tax for quarterly results is 28%

QUARTERLY RESULTS	2006				2006	2007	
	Q1	Q2	Q3	Q4*		Q1	Q2
Operating revenues (USD million)	82.7	96.5	109.6	130.8	419.7	128.5	143.8
Operating profit (USD million)	17.7	20.7	24.9	31.5	81.8	29.2	33.3
Operating margin (%)	21.4	21.5	22.7	24.1	19.5	22.8	23.2
Pre-tax profit margin (%)	23.1	22.2	24.0	24.9	20.5	22.9	22.4
EPS after tax (USD)	0.113	0.128	0.164	0.214	0.524	0.195	0.213
EPS after dilution (USD)	0.113	0.128	0.163	0.211	0.517	0.193	0.210

*Excludes non-recurring item of MUSD 13.1

SEGMENT INFORMATION**APR - JUN 2007**

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
Operating revenues						
Endpoints	55.6	37.8	10.8	-	-	104.2
Network	11.0	6.6	1.9	-	-	19.5
VAS	10.6	7.5	2.0	-	-	20.1
Total	77.2	51.9	14.7	76.7	(76.7)	143.8
Operating profit	6.5	4.7	0.4	28.2	(6.6)	33.3

APR - JUN 2006

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
Operating revenues						
Endpoints	39.3	24.3	7.9	-	-	71.5
Network	6.3	3.8	1.4	-	-	11.6
VAS	7.2	5.2	1.0	-	-	13.5
Total	52.8	33.3	10.4	61.4	(61.4)	96.5
Operating profit	3.0	2.8	0.4	18.8	(4.2)	20.7

JAN - JUN 2007

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
Operating revenues						
Endpoints	104.9	76.5	19.4	-	-	200.8
Network	18.9	11.6	4.2	-	-	34.6
VAS	19.3	13.6	3.9	-	-	36.8
Total	143.1	101.7	27.5	164.2	(164.2)	272.2
Operating profit	9.8	10.7	(0.3)	55.4	(13.0)	62.5

JAN - JUN 2006

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
Operating revenues						
Endpoints	70.9	48.8	13.8	-	-	133.4
Network	11.3	6.9	2.6	-	-	20.8
VAS	13.6	9.4	2.1	-	-	25.1
Total	95.8	65.0	18.4	108.5	(108.5)	179.2
Operating profit	5.9	3.5	0.2	35.0	(6.2)	38.5

JAN - DEC 2006

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
Operating revenues						
Endpoints	164.6	113.4	27.9	-	-	305.9
Network	33.4	17.0	5.3	-	-	55.7
VAS	31.1	21.9	5.1	-	-	58.1
Total	229.1	152.3	38.3	265.9	(265.9)	419.7
Operating profit	15.7	11.5	(1.0)	81.4	(25.7)	81.8

BALANCE SHEET	30 JUN		31 DEC
Figures in USD million	2007	2006	2006
Non-current assets			
Intangible assets			
Goodwill, patents and development	89.3	76.4	84.9
Deferred income tax assets	10.6	-	10.5
Tangible assets	14.9	6.2	10.7
Financial assets	-	-	-
Current assets			
Inventory	40.8	32.5	29.6
Accounts receivable	95.5	79.1	90.8
Other current assets	11.3	9.4	8.2
Cash and bank deposits	140.9	179.3	149.6
Total assets	403.4	382.9	384.3
Equity			
Share capital	12.0	13.4	13.4
Treasury shares	-	(0.5)	(1.9)
Share premium	30.0	24.8	28.9
Other equity	213.9	238.4	186.5
Non-current liabilities	1.3	0.8	0.8
Current liabilities			
Accounts payable	24.6	26.7	31.4
Tax deductions and duties payable	(2.5)	(0.3)	0.6
Taxes payable	25.8	14.8	29.2
Other current liabilities	98.3	64.9	95.4
Total equity and liabilities	403.4	382.9	384.3

CHANGES IN EQUITY	JAN - JUN		JAN - DEC
Figures in USD million	2007	2006	2006
Equity as of 1 January	227.0	295.7	295.7
Treasury shares (net)	(9.9)	(38.2)	(130.2)
Dividend	(14.6)	(11.9)	(12.2)
Profit after est. tax year-to-date	44.4	29.2	61.1
Share-based payments	6.0	1.2	5.4
Translation differences	3.1	0.1	7.5
Equity as of end of period	255.9	276.1	227.0

CASH FLOW ANALYSIS	APR - JUN		JAN - JUN	
	2007	2006	2007	2006
Figures in USD million				
Cash flow from operations				
Profit before tax	32.2	21.4	61.6	40.5
Taxes paid	(9.2)	(6.5)	(22.0)	(12.6)
Ordinary depreciation/ amortization	2.3	1.5	4.3	2.8
Amortization of capitalized development	3.8	2.1	7.3	4.0
Share-based incentive program	3.4	1.2	6.0	1.2
Change in receivables/ payables/ inventories	(16.9)	(3.9)	(22.7)	(2.2)
Non-recurring settlement costs	-	-	(12.0)	-
Change in other accounts	6.9	7.7	9.2	3.8
Effect of changes in exchange rates	3.4	1.1	3.6	1.8
Net cash flow from operations	25.8	24.7	35.5	39.3
Cash flow from investments				
Investments in tangible/ intangible assets	(4.5)	(1.7)	(7.8)	(3.3)
Capitalized development	(6.3)	(4.9)	(12.0)	(9.4)
Net cash flow from investments	(10.7)	(6.6)	(19.9)	(12.7)
Cash flow from financing				
Proceeds from sale of treasury shares	-	-	0.1	-
Repurchase of shares	-	(24.2)	(9.9)	(38.2)
Dividend paid	(14.6)	(11.9)	(14.6)	(11.9)
Net cash flow from financing	(14.6)	(36.1)	(24.4)	(50.1)
Net change in liquid assets during the period	0.5	(18.1)	(8.8)	(23.4)
Liquid assets opening balance	140.3	197.5	149.6	202.8
Effect of exchange rate on cash	0.1	(0.1)	0.1	(0.1)
Liquid assets at end of period	140.9	179.3	140.9	179.3

FINANCIAL STATEMENTS - BASIS FOR PREPARATION

The enclosed consolidated condensed financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting".

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the financial statements are consistent with the policies used in the annual financial statements for the year ended December 31, 2006. The enclosed consolidated condensed financial statements should be read in conjunction with the 2006 annual financial statements, which include a full description of the Group's accounting policies.

ABOUT TANDBERG

TANDBERG is a leading global provider of visual communication products and services. The Company has dual headquarters in New York and Oslo. TANDBERG designs, develops and markets systems and software for video, voice and data communication. The Company provides sales, support and value-added services in more than 90 countries worldwide. TANDBERG is publicly traded on the Oslo Stock Exchange under the ticker TAA.OL. Please visit www.tandberg.com for more information.

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