

TANDBERG Reports Fourth Quarter 2007 Results

Revenue of 192.9 MUSD and Operating Profit of 44.9 MUSD in 4Q07

OSLO and NEW YORK, January 31, 2008 – TANDBERG® (OSLO: TAA.OL), today announced unaudited financial results for the fourth quarter ended December 31, 2007.

Overview of 4Q07:

- Revenue of 192.9 MUSD with volume of 16,787 units
- Operating profit of 44.9 MUSD and pre-tax profit of 46.9 MUSD
- Cash flow from operations of 49.9 MUSD driven by continued strong working capital management

FINANCIALS

Fourth quarter revenues were 192.9 MUSD compared with 130.8 MUSD in the same quarter last year, representing 47.5% year-over-year growth. Gross margin for the quarter was 66.2%, compared with 66.6% in the same quarter last year. Selling, general & administrative (SG&A) expenses for 4Q07 totaled 74.2 MUSD, compared with 50.8 MUSD in the same quarter last year. Operating profit was 44.9 MUSD compared with 31.5 MUSD in the same quarter last year. Earnings per share (after tax) were 0.297 USD in 4Q07 compared with 0.214 USD in the same quarter last year.

For the full year, revenue totaled 630.5 MUSD in 2007 compared with 419.7 MUSD in 2006, or 50.2% growth. Operating profit was 146.1 MUSD for 2007 and 81.8 MUSD for 2006.

The Company generated cash flow from operations of 49.9 MUSD in the quarter which after a net cash outflow from investments and financing of 15.0 MUSD, gave a total cash inflow of 34.9 MUSD. As of December 31, the Company had a cash balance of 85.2 MUSD and an equity ratio of 63.6%.

OPERATIONS

Reviewing fourth quarter results, Fredrik Halvorsen, Chief Executive Officer, stated, "Video is becoming a natural, integral part of communication for leading organizations. TANDBERG's solid growth in the fourth quarter reflects the increasing adoption of video. With the industry's broadest range of endpoints, the Company executed well in meeting customer demands for high definition video and telepresence.

“With the demand for video growing within organizations, the need for scalable infrastructure and integration with other technology platforms is growing. TANDBERG recently announced a highly scalable new gateway, the first new product resulting from the September acquisition of Codian. In addition, TANDBERG enhanced its total solution offering with an upgrade to its Content Server that makes recording video for anytime viewing even simpler.

Cementing its industry leadership, TANDBERG continues to invest in technology, sales and marketing. “

MARKETS

In 4Q07, TANDBERG sold 16,787 units compared with 12,744 units in the same quarter last year, a 32% increase. In 2007, 58,563 units were sold compared with 40,118 in 2006, a 46% increase.

The Company delivered solid performance across all Theatres. In a changing global economy, strong geographic and vertical market diversification allowed the company to execute well.

AMERICAS

Revenue in the Americas Theatre during 4Q07 totaled 86.7 MUSD compared with 68.9 MUSD the same quarter last year.

The Americas experienced regional variances in sales execution. While some large enterprise customers, particularly on the East Coast, were distracted by a more turbulent environment, strong performance continued in the Federal, state and local government, and Pacific Northwest regions.

The Americas is well-diversified across 11 regions including Canada, Central and Latin America, and matrixed against Enterprise, Federal, state and local government, education and medical verticals.

Customers in the Theatre have responded favourably to the new Codian solutions. Furthermore, with full Codian sales integration since January, cross-training for sales teams and channels has been intensified.

EMEA

Revenue in EMEA during 4Q07 totaled 85.5 MUSD, compared with 51.5 MUSD in the same quarter last year. The Theatre executed very well in 4Q. Softness in the UK was more than offset by strong performance in Northern and Southern Europe.

The EMEA team saw solid development with Systems Integrators and Service Providers, including global agreements signed with British Telecom and HP. The expanded infrastructure solution has been well received. Continued value selling and traction with large accounts contributed to the strong performance in the quarter. To maintain momentum, the EMEA Theatre will further build out the team, expand geographically and increase focus on service sales. Full integration of Codian sales teams commenced in January.

ASIA PACIFIC

Revenue in APAC during 4Q07 totaled 20.7 MUSD, compared with 10.4 MUSD in the same quarter last year. Theatre performance was on track for the quarter. While several large opportunities in North Asia closed in the quarter, continued investment in infrastructure and channels is required for sustainability. Singapore and Australia continued to perform well.

STRATEGIC INITIATIVES

TANDBERG is establishing a distinct position as a provider of high-definition video and telepresence within the unified communications space.

The first new product developed by the Codian team was recently introduced, just four months after the acquisition was completed. The TANDBERG Codian Gateway connects ISDN to IP and enables 1000 concurrent video calls. It is the highest capacity high-definition ISDN gateway in the market, and in a single chassis.

To capture the converged IP communication opportunity, TANDBERG continued to invest in R&D, sales and marketing.

TANDBERG has been recognized for its industry leadership and innovation over the last year. The Company was the recipient of the 2008 Frost & Sullivan Global Video Conferencing Company of the Year Award for its excellence in product innovation as well as market execution that has accelerated the adoption of video conferencing. The TANDBERG Video Communication Server, a key component of the Company's SIP strategy, received the Internet Telephony Product of the Year Award 2007. And VC Insight's Most Innovative Videoconferencing Technology of the Year 2007 was awarded to TANDBERG for Codian ClearVision, multipoint technology for superior and consistent visual clarity.

WEBCAST/CONFERENCE CALL DETAILS

Today at 5:00 pm Central European Time and 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 +1.617.614.4912 (international), +1.800.591.6948 (U.S. callers) and 0808 2347616 (U.K. callers). 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, January 31, 2008

The Board of Directors of TANDBERG asa

Jan Chr. Opsahl (sign.)
Chairman

Fredrik Halvorsen (sign.)
Chief Executive Officer

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Audited 2007 financials will be available February 14, 2008. First quarter results will be released on April 17, 2008.

PROFIT AND LOSS (UNAUDITED)	OCT - DEC		JAN - DEC	
Figures in USD million	2007	2006*	2007	2006
Operating revenues	192.9	130.8	630.5	419.7
Cost of goods	65.2	43.6	211.7	136.9
Operating expenses	74.2	50.8	245.7	185.2
Depreciation	8.6	4.9	27.0	15.7
Operating profit	44.9	31.5	146.1	81.8
Net financial items	2.0	1.0	(4.5)	4.3
Profit before tax	46.9	32.5	141.6	86.2
Estimated tax**	13.1	9.1	39.7	25.1
Profit after estimated tax	33.8	23.4	102.0	61.1

* Excludes non-recurring legal settlement costs of \$13.1 mn

** Estimated tax for quarterly results is 28%

QUARTERLY RESULTS (UNAUDITED)

	2006				2006	2007				2007
	Q1	Q2	Q3	Q4*		Q1	Q2	Q3	Q4	
Operating revenues (USD million)	82.7	96.5	109.6	130.8	419.7	128.5	143.8	165.3	192.9	630.5
Operating profit (USD million)	17.7	20.7	24.9	31.5	81.8	29.2	33.3	38.7	44.9	146.1
Operating margin (%)	21.4	21.5	22.7	24.1	19.5	22.8	23.2	23.4	23.3	23.2
Pre-tax profit margin (%)	23.1	22.2	24.0	24.8	20.5	22.9	22.4	20.0	24.3	22.5
EPS after tax (USD)	0.113	0.128	0.164	0.214	0.524	0.195	0.213	0.218	0.297	0.926
EPS after dilution (USD)	0.113	0.128	0.163	0.211	0.517	0.193	0.210	0.215	0.294	0.914

* Excludes non-recurring legal settlement costs of \$13.1 mn

SEGMENT INFORMATION**OCT - DEC 2007**

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
Operating revenues						
Endpoints	59.7	61.0	14.9	-	-	135.6
Network	14.1	15.1	2.8	-	-	32.0
VAS	12.9	9.4	3.0	-	-	25.3
Total	86.7	85.5	20.7	126.8	(126.8)	192.9
Operating profit	3.5	10.8	1.1	36.1	(6.6)	44.9

OCT - DEC 2006

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
Operating revenues						
Endpoints	49.7	38.3	7.4	-	-	95.4
Network	10.3	6.3	1.3	-	-	17.9
VAS	8.9	6.9	1.6	-	-	17.5
Total	68.9	51.5	10.4	95.7	(95.7)	130.8
Operating profit	4.4	6.0	(0.9)	27.1	(4.9)	31.5

JAN - DEC 2007

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
Operating revenues						
Endpoints	235.9	177.0	48.4	-	-	461.3
Network	43.1	33.2	9.2	-	-	85.5
VAS	43.3	31.0	9.4	-	-	83.7
Total	322.3	241.2	67.0	390.8	(390.8)	630.5
Operating profit	21.0	27.5	1.1	123.1	(26.6)	146.1

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**31 DEC**

Figures in USD million	2007	2006
Non-current assets		
Intangible assets		
Goodwill, patents and development	385.0	84.9
Deferred income tax assets	13.7	10.5
Tangible assets	20.0	10.7
Financial assets	-	-
Current assets		
Inventory	45.6	29.6
Accounts receivable	124.0	90.8
Other current assets	10.1	8.2
Cash and bank deposits	85.2	149.6
Total assets	683.7	384.3
Equity		
Share capital	12.3	13.4
Treasury shares	-	(1.9)
Share premium	142.1	28.9
Other equity	280.5	186.5
Non-current liabilities	23.1	0.8
Current liabilities		
Accounts payable	44.0	31.4
Tax deductions and duties payable	(0.7)	0.6
Taxes payable	35.7	29.2
Other current liabilities	146.7	95.4
Total equity and liabilities	683.7	384.3

CHANGES IN EQUITY**JAN - DEC**

Figures in USD million	2007	2006
Equity as of 1 January	227.0	295.7
Treasury shares (net)	(9.9)	(130.2)
Dividend	(14.6)	(12.2)
Proceeds from share issue	114.1	-
Profit after est. tax year-to-date	102.0	61.1
Share-based payments	9.1	5.4
Translation differences	7.3	7.5
Equity as of end of period	434.9	227.0

CASH FLOW ANALYSIS	OCT - DEC		JAN - DEC	
	2007	2006	2007	2006
Figures in USD million				
Cash flow from operations				
Profit before tax	46.9	32.5	141.6	86.2
Taxes paid	(11.9)	(8.1)	(36.1)	(20.5)
Ordinary depreciation/ amortization	3.7	1.8	10.4	6.1
Amortization of capitalized development	4.9	3.1	16.5	9.6
Share-based incentive program	3.1	2.4	13.0	5.4
Change in receivables/ payables/ inventories	(2.3)	(2.7)	(33.3)	(6.0)
Non-recurring settlement costs	-	-	(12.0)	-
Change in other accounts	10.0	13.5	34.7	36.9
Effect of changes in exchange rates	(4.5)	3.0	6.0	5.0
Net cash flow from operations	49.9	45.6	140.8	122.7
Cash flow from investments				
Proceeds from sales of assets	-	0.1	-	0.1
Investments in tangible/ intangible assets	(6.2)	(10.5)	(151.5)	(15.5)
Capitalized development	(8.8)	(5.0)	(27.2)	(18.8)
Net cash flow from investments	(15.0)	(15.3)	(178.8)	(34.2)
Cash flow from financing				
Proceeds from share issue	-	-	-	-
Repurchase of shares	-	(27.3)	(9.9)	(130.2)
Dividend paid	-	-	(14.6)	(12.2)
Net cash flow from financing	-	(27.3)	(24.5)	(142.4)
Net change in liquid assets during the period	34.9	3.0	(62.4)	(53.8)
Liquid assets opening balance	50.3	146.1	149.6	202.8
Effect of exchange rate on cash	(0.1)	0.5	(2.0)	0.6
Liquid assets at end of period	85.2	149.6	85.2	149.6

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 provider of telepresence, high-definition videoconferencing and mobile video 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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