

## TANDBERG Reports Second Quarter 2008 Results

*Revenue of 194.9 MUSD and Operating Profit of 41.2 MUSD in 2Q08*

**OSLO and NEW YORK, July 14, 2008** – TANDBERG® (OSLO: TAA.OL), today announced unaudited financial results for the second quarter ended June 30, 2008.

### Overview of 2Q08:

- **Revenue of 194.9 MUSD with volume of 16,483 units**
- **Operating profit of 41.2 MUSD and pre-tax profit of 40.7 MUSD**
- **Cash flow from operations of 36.0 MUSD**

### FINANCIALS

Second quarter revenues were 194.9 MUSD compared with 143.8 MUSD in the same quarter last year, representing 35.5% year-over-year growth. Gross margin for the quarter was 65.9%, compared with 67.1% in the same quarter last year. Selling, general & administrative (SG&A) expenses for 2Q08 totaled 77.0 MUSD, compared with 57.1 MUSD in the same quarter last year. Operating profit was 41.2 MUSD compared with 33.3 MUSD in the same quarter last year. Earnings per share (after tax) were 0.26 USD in 2Q08 compared with 0.21 USD in the same quarter last year.

The Company generated cash flow from operations of 36.0 MUSD in the quarter which after a net cash outflow from investments and financing of 42.0 MUSD, gave a total cash outflow of 6.0 MUSD. As of June 30, the Company had a cash balance of 53.5 MUSD and an equity ratio of 66.7%.

### OPERATIONS

Reviewing second quarter results, Fredrik Halvorsen, Chief Executive Officer, stated, “Our customers are seeing video transform their businesses, leading to the deployment of more endpoints and requiring the support of a scalable and reliable network. TANDBERG’s revenues in the second quarter reflect leadership in network products as well as a strong partner base with the ability to sell a complete video solution.” This leadership was further strengthened by the unveiling of an unrivaled portfolio of new products.

The Company announced the High Definition (HD) platform for the future, a telepresence engine with more power and flexibility than any codec on the market -- making it an easy purchase decision for integrators. This engine is also at the core of an instant telepresence solution, the only standards-compliant 1080p single screen telepresence solution available. For widespread deployment, TANDBERG announced a crossover product, a video VoIP phone for the desk that has CD-quality audio, a DVD-quality display and advanced VoIP phone features. In addition, the Company's Video Communication Server, a network device that includes firewall traversal, will now provide the redundancy and scalability required for mass deployment.

"Firmly taking the lead in the HD market, the Company began accepting orders for the HD blade for its carrier-class MSE8510 bridge. The bridge, which supports the highest number of HD calls on the market, is part of TANDBERG end-to-end HD video solution."

"This launch, one of the largest in the Company's history and one of the best received by partners, will help our partners expand the market at both the high end and with a comprehensive solution for mass adoption."

TANDBERG and HP expanded their video collaboration alliance. The Companies plan to jointly develop a new generation of offerings that deliver unparalleled managed telepresence and HD videoconferencing.

## **MARKETS**

In 2Q08, TANDBERG sold 16,483 endpoint units compared with 13,512 endpoint units in the same quarter last year, a 22.0% increase. Network products grew 93% year-on-year in revenue terms.

## **AMERICAS**

Revenue in the Americas during 2Q08 totaled 87.8 MUS\$ compared with 77.2 MUS\$ the same quarter last year. Canada and the Midwest and Southwest regions performed well. Latin America executed below target, and a new management team has been put in place. Sales execution is becoming a more visible differentiator and success factor in the Americas Theatre performance.

The quarter was characterized by strong network product sales and excellent reception of the recently announced products and solutions by customers and channel partners. Prolonged sales cycles are being countered by record activity and interest levels.

The Theatre will focus on ramping up new service offerings and service sales in the third quarter. There will be a build out of the organization and investment in Latin America.

## **EMEA**

Revenue in EMEA during 2Q08 totaled 81.8 MUSD, compared with 51.9 MUSD in the same quarter last year. The Theatre executed well across most regions, with particularly strong performance in Russia, France and the Nordics, and had solid business momentum in the Emerging Markets.

EMEA results reflected strong network product sales and increased partner engagement, with good traction with Systems Integrators and a significant increase in partner participation at TANDBERG events. In addition, new products were well received by channels and customers.

In the third quarter, the Theatre will continue to expand services offerings and sales, further build out the team, and expand geographically.

## **ASIA PACIFIC**

Revenue in APAC during 2Q08 totaled 25.3 MUSD, compared with 14.7 MUSD in the same quarter last year. Several large deals closed in the quarter. Continued investment in channels and the organization is needed to sustain current performance, particularly in China. North Asia gained strong traction with network products. South Asia continued to maintain strong performance throughout the region, with significant development in the Education vertical in Australia.

## **STRATEGIC INITIATIVES**

To leverage the market opportunity for widespread collaboration across organizations, TANDBERG will enable true Unified Communications through leadership in scalable, robust network infrastructure and improved ease of use. The Company made several announcements to execute on this key priority.

- T1, a new standards-compliant system for instant telepresence. The single large display offers the highest resolution on the market and a sleek Scandinavian design, making it ideal for ad hoc telepresence meetings in executive offices and high-end collaboration suites.
- Codec C90, a standards-compliant telepresence engine that enables 1080p resolution. At the core of the T1 and available to integrators as a standalone product, the C90 is both powerful and flexible, with professional grade connectors to connect

multiple sources. Demonstrating this flexibility, TANDBERG and Barco announced their first jointly developed product – a tele-collaboration solution that integrates the C90 with Barco software and projectors for visually collaborating and analyzing complex sources of data in real-time.

- E20 Business-Quality Video VoIP Phone, enabling mass adoption of personal video in the enterprise. Replacing the standard office phone, the E20 combines CD audio quality with DVD quality video in one affordable device.
- MSE 8510 Media2 blade, a new higher-performance video conferencing bridge blade for the TANDBERG Codian MSE 8000 series carrier-class system. The blade supports up to 180 concurrent HD video calls in a single chassis. Service providers and large enterprises will benefit the most from this high-performance blade.

In addition to unveiling solutions, TANDBERG announced the expansion of its HP alliance to broaden the interoperability between telepresence and standards-based videoconference technologies. The Companies plan to jointly develop a new generation of offerings that deliver unparalleled managed telepresence and HD videoconferencing.

OSLO and NEW YORK, July 14, 2008  
The Board of Directors of TANDBERG asa

Jan Chr. Opsahl (sign.)  
Chairman

Fredrik Halvorsen (sign.)  
Chief Executive Officer

#### **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 +1.617.614.3675 (international), +1.800.291.4080 (U.S. callers) and 0808.234.7616 (U.K. callers). The audience passcode for the call is TANDBERG.

An online video archive of the broadcast will be available immediately following the call at [http://www.tandberg.com/ir/tandberg\\_q2\\_2008\\_earnings\\_display.jsp](http://www.tandberg.com/ir/tandberg_q2_2008_earnings_display.jsp)

For further information please contact Elin Nokleby, ph. + 47 98 28 98 04.

Third quarter results will be presented on October 14, 2008 at 5:00 pm CET / 11:00 am ET

### **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, 2007. The enclosed consolidated condensed financial statements should be read in conjunction with the 2007 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](http://www.tandberg.com) for more information.

TANDBERG is a registered trademark or trademark in the U.S. and certain other countries. All other trademarks are property of their respective owners.

**TANDBERG GROUP, APRIL - JUNE 2008** (IFRS - non audited figures)

<b>PROFIT AND LOSS</b>	<b>APR - JUN</b>		<b>JAN - JUN</b>		<b>JAN - DEC</b>
	<b>2008</b>	2007	<b>2008</b>	2007	2007
Figures in USD million					
Operating revenues	<b>194.9</b>	143.8	<b>373.0</b>	272.2	630.5
Cost of goods sold	<b>66.5</b>	47.3	<b>127.8</b>	89.4	211.7
Operating expenses	<b>77.0</b>	57.1	<b>146.8</b>	108.6	245.7
Depreciation	<b>10.3</b>	6.1	<b>19.8</b>	11.6	27.0
Operating profit	<b>41.2</b>	33.3	<b>78.6</b>	62.5	146.1
Net financial items	<b>(0.5)</b>	(1.1)	<b>(3.2)</b>	(0.9)	(4.1)
Profit before tax	<b>40.7</b>	32.2	<b>75.4</b>	61.6	142.0
Tax*	<b>11.4</b>	9.0	<b>21.1</b>	17.3	39.6
Profit after tax	<b>29.3</b>	23.2	<b>54.3</b>	44.4	102.4

\* Estimated tax for quarterly results is 28%

<b>QUARTERLY RESULTS</b>	Q1	2007			2007	2008	
		Q2	Q3	Q4		Q1	Q2
Operating revenues (USD million)	128.5	143.8	165.3	192.9	630.5	178.1	<b>194.9</b>
Operating profit (USD million)	29.2	33.3	38.7	44.9	146.1	37.4	<b>41.2</b>
Operating margin (%)	22.8	23.2	23.4	23.3	23.2	21.0	<b>21.1</b>
Pre-tax profit margin (%)	22.9	22.4	20.0	24.3	22.5	19.5	<b>20.9</b>
EPS after tax (USD)	0.195	0.213	0.218	0.297	0.930	0.221	<b>0.261</b>
EPS after dilution (USD)	0.193	0.210	0.215	0.294	0.918	0.219	<b>0.258</b>

**SEGMENT INFORMATION****APR - JUN 2008**

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
<b>Operating revenues</b>						
Endpoints	56.9	54.1	17.1	-	-	128.1
Network	17.3	15.7	4.8	-	-	37.8
VAS	13.6	12.0	3.4	-	-	29.0
<b>Total</b>	<b>87.8</b>	<b>81.8</b>	<b>25.3</b>	<b>114.5</b>	<b>(114.5)</b>	<b>194.9</b>
<b>Operating profit</b>	<b>3.0</b>	<b>7.6</b>	<b>0.0</b>	<b>32.8</b>	<b>(2.2)</b>	<b>41.2</b>

**APR - JUN 2007**

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
<b>Operating revenues</b>						
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
<b>Total</b>	<b>77.2</b>	<b>51.9</b>	<b>14.7</b>	<b>76.7</b>	<b>(76.7)</b>	<b>143.8</b>
<b>Operating profit</b>	<b>6.5</b>	<b>4.7</b>	<b>0.4</b>	<b>28.2</b>	<b>(6.6)</b>	<b>33.3</b>

**JAN - JUN 2008**

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
<b>Operating revenues</b>						
Endpoints	113.6	109.2	28.7	-	-	251.6
Network	28.7	28.1	10.2	-	-	67.0
VAS	25.9	22.1	6.5	-	-	54.4
<b>Total</b>	<b>168.1</b>	<b>159.5</b>	<b>45.4</b>	<b>224.7</b>	<b>(224.7)</b>	<b>373.0</b>
<b>Operating profit</b>	<b>4.7</b>	<b>17.7</b>	<b>(0.1)</b>	<b>63.6</b>	<b>(7.2)</b>	<b>78.6</b>

**JAN - JUN 2007**

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
<b>Operating revenues</b>						
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
<b>Total</b>	<b>143.1</b>	<b>101.7</b>	<b>27.5</b>	<b>164.2</b>	<b>(164.2)</b>	<b>272.2</b>
<b>Operating profit</b>	<b>9.8</b>	<b>10.7</b>	<b>(0.3)</b>	<b>55.4</b>	<b>(13.0)</b>	<b>62.5</b>

**JAN - DEC 2007**

Figures in USD million	Americas	EMEA	APAC	Products	Unallocated/ Eliminations	Total
<b>Operating revenues</b>						
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
<b>Total</b>	<b>322.3</b>	<b>241.2</b>	<b>67.0</b>	<b>390.8</b>	<b>(390.8)</b>	<b>630.5</b>
<b>Operating profit</b>	<b>21.0</b>	<b>27.5</b>	<b>1.1</b>	<b>123.1</b>	<b>(26.6)</b>	<b>146.1</b>

<b>BALANCE SHEET</b>	<b>30 JUN</b>	<b>31 DEC</b>
Figures in USD million	<b>2008</b>	<b>2007</b>
<b>ASSETS</b>		
<i>Non-current assets</i>		
Intangible assets		
Goodwill, patents and development	<b>390.6</b>	385.0
Deferred income tax assets	<b>4.9</b>	7.1
Tangible assets	<b>24.1</b>	20.0
Financial assets	-	-
<i>Total non-current assets</i>	<b>419.6</b>	412.1
<i>Current assets</i>		
Inventory	<b>49.6</b>	45.6
Accounts receivable	<b>126.1</b>	124.0
Other current assets	<b>19.6</b>	10.2
Cash and bank deposits	<b>53.5</b>	85.2
<i>Total current assets</i>	<b>248.8</b>	265.0
<b>TOTAL ASSETS</b>	<b>668.4</b>	677.1
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
Share capital	<b>12.3</b>	12.3
Treasury shares	<b>(0.3)</b>	-
Share premium	<b>144.1</b>	142.1
Other equity	<b>289.8</b>	280.7
<i>Total equity</i>	<b>445.9</b>	435.1
<i>Non-current liabilities</i>		
Non-current liabilities	<b>22.2</b>	21.7
<i>Total non-current liabilities</i>	<b>22.2</b>	21.7
<i>Current liabilities</i>		
Accounts payable	<b>45.0</b>	44.0
Tax deductions and duties payable	<b>(4.5)</b>	(0.7)
Taxes payable	<b>14.9</b>	30.3
Other current liabilities	<b>144.9</b>	146.7
<i>Total current liabilities</i>	<b>200.3</b>	220.3
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>668.4</b>	677.1

<b>CHANGES IN EQUITY</b>	<b>APR - JUN</b>		<b>JAN - JUN</b>	
Figures in USD million	<b>2008</b>	2007	<b>2008</b>	2007
Equity at beginning of period	<b>442.2</b>	240.5	<b>435.1</b>	227.0
Repurchase of shares (net)	<b>(5.7)</b>	-	<b>(27.1)</b>	(9.9)
Dividend	<b>(22.8)</b>	(14.6)	<b>(22.8)</b>	(14.6)
Proceeds from share issue	-	-	-	0.1
Profit after tax	<b>29.3</b>	23.2	<b>54.3</b>	44.4
Share-based payments	<b>1.0</b>	3.3	<b>2.0</b>	6.0
Currency translation differences	<b>1.8</b>	3.5	<b>4.4</b>	3.0
<b>Equity as of end of period</b>	<b>445.9</b>	255.9	<b>445.9</b>	255.9

<b>CASH FLOW ANALYSIS</b>	<b>APR - JUN</b>		<b>JAN - JUN</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Figures in USD million				
<b>Cash flow from operations</b>				
Profit before tax	<b>40.7</b>	32.2	<b>75.4</b>	61.6
Taxes paid	<b>(17.1)</b>	(9.2)	<b>(35.8)</b>	(22.0)
Ordinary depreciation/ amortization	<b>4.2</b>	2.3	<b>8.0</b>	4.3
Amortization of capitalized development	<b>6.1</b>	3.8	<b>11.9</b>	7.3
Share-based incentive program	<b>0.4</b>	3.4	<b>1.9</b>	6.0
Change in receivables/ payables/ inventories	<b>1.1</b>	(16.9)	<b>(5.1)</b>	(22.7)
Non-recurring settlement costs	-	-	-	(12.0)
Change in other accounts	<b>(1.3)</b>	6.9	<b>(1.9)</b>	9.2
Effect of changes in exchange rates	<b>1.9</b>	3.4	<b>5.3</b>	3.6
<b>Net cash flow from operations</b>	<b>36.0</b>	25.8	<b>59.7</b>	35.3
<b>Cash flow from investments</b>				
Investments in tangible/ intangible assets	<b>(7.0)</b>	(4.5)	<b>(9.6)</b>	(7.8)
Capitalized development	<b>(12.2)</b>	(6.3)	<b>(19.6)</b>	(12.0)
Investments in subsidiaries	-	-	<b>(17.8)</b>	-
<b>Net cash flow from investments</b>	<b>(19.2)</b>	(10.7)	<b>(46.9)</b>	(19.9)
<b>Cash flow from financing</b>				
Proceeds from share issue	-	-	-	0.1
Repurchase of shares	-	-	<b>(21.5)</b>	(9.9)
Dividend paid	<b>(22.8)</b>	(14.6)	<b>(22.8)</b>	(14.6)
<b>Net cash flow from financing</b>	<b>(22.8)</b>	(14.6)	<b>(44.3)</b>	(24.4)
<b>Net change in liquid assets during the period</b>	<b>(6.0)</b>	0.5	<b>(31.5)</b>	(8.8)
Liquid assets opening balance	<b>59.6</b>	140.3	<b>85.2</b>	149.6
Effect of exchange rate on cash	<b>0.0</b>	0.1	<b>(0.2)</b>	0.1
<b>Liquid assets at end of period</b>	<b>53.5</b>	140.9	<b>53.5</b>	140.9