

TAA: REVENUE OF 71.8 MUSD WITH OPERATING PROFIT OF 17.4 MUSD IN Q2 2004

Excellent Revenue and Profit Growth Highlighted by the Most Significant Product Launch in the Company's History

OSLO and NEW YORK, July 13, 2004 – TANDBERG (OSLO: TAA.OL), a global leader in visual communication, today announced financial results for the second quarter 2004.

Highlights for the second quarter include:

- Revenue of 71.8 MUSD with record volume of 6261 units
- Operating profit of 17.4 MUSD and pre-tax profit of 17.9 MUSD
- Gross margin of 68.1%, demonstrating sustainability of operating model
- Announcement of 'MXP' advanced video technology and innovative new solutions
- Acquisition of Ridgeway Systems and Software, Ltd., enabling IP video communications across firewalls

Discussing the second quarter results, Andrew Miller, Chief Executive Officer, commented, "TANDBERG achieved another milestone in Q2, with an excellent quarter. During the second quarter, we increased operating profit by 80% over last year on sales growth of 37%. In addition, we announced the most significant new product launch in our Company's history as well as completed the acquisition of Ridgeway Systems and Software, Ltd. The Company set records for quarterly revenue and unit volume, driven by strong performance in the Americas and EMEA. Combined with solid operating fundamentals, the growth in sales resulted in strong profit margins and cash flow.

Satisfying customer needs for increased visual collaboration and improved user experience, the company introduced an exciting new technology called 'MXP' and several innovative products designed for enhanced scalability and reliability. 'MXP' transforms the video experience through true CD-quality audio and stereo as well as expanded collaboration capabilities.

During the quarter, TANDBERG entered the Service Provider market with a large capacity multipoint control unit that also serves the Enterprise market. Additionally, TANDBERG expanded its IP solution with the introduction of a gatekeeper and the acquisition of Ridgeway's firewall traversal technology, providing the customer a true end-to-end and standards based video communication experience. As IP continues to proliferate, we intend to grow profitably and provide customers with the best visual communications experience possible through technology leadership, strategic partnerships, and selective acquisitions".

FINANCIAL HIGHLIGHTS

Revenue in the second quarter of 2004 was 71.8 MUSD compared with 52.5 MUSD in the same quarter of 2003 and 67.8 MUSD in the first quarter of 2004. Operating profit was 17.4 MUSD compared with 9.7 MUSD in the second quarter last year and 14.9 MUSD in the first quarter of 2004. The Company generates strong cash flow, ending the quarter with cash reserves of 258.5 MUSD. Earnings per share (after tax) were 0.09 USD in the second quarter of 2004 compared with 0.06 USD in the same quarter of 2003, excluding the impact of currency movements on NOK denominated cash balances in 2003. In the first quarter of 2004, earnings per share were 0.09 USD. A number of factors contributed to second quarter growth, including increased federal and enterprise spending, further penetration in the Company's vertical segments, and record revenue in the EMEA market.

For the first six months, revenue totaled 139.6 MUSD in 2004 compared with 100.9 MUSD in 2003. Operating profit was 32.2 MUSD and 18.9 MUSD in the first half of 2004 and 2003, respectively. Excluding the impact of currency movements discussed previously, earnings per share (after-tax) during the first half were 0.19 USD in 2004 and 0.13 USD in 2003.

Second quarter gross margin was 68.1%, compared with 66.9% in the second quarter of 2003 and 66.0% in the first quarter of 2004. TANDBERG continued to experience a balanced product mix with solid sales for its services and network products (MCUs and Gateways).

Selling, general & administrative (SG&A) expenses for the second quarter totaled 30.2 MUSD, compared with 24.1 MUSD in the second quarter of 2003 and 28.4 MUSD in the first quarter of 2004. The increase over 2003 reflects TANDBERG's ongoing investment in sales, R&D, and administrative infrastructure to develop leading solutions and support future growth. Increased variable compensation resulting from higher sales also contributed to the SG&A increase.

The Company continues to generate strong cash flow, ending the quarter with cash reserves of 258.5 MUSD and an equity ratio of 86.1% as of June 30, 2004. This compares to cash reserves of 272.1 MUSD and an equity ratio of 83.5% as of March 31, 2004. Compared to the first quarter, the decline in cash reserves of 13.5 MUSD primarily reflects the impact of the Ridgeway acquisition, as well as dividend and cash tax payments, which totaled 30.3 MUSD offset partially by second quarter pre-tax cash flow from operations of 16.9 MUSD.

MARKETS

For the quarter ended June 30, 2004, TANDBERG sold a record volume of 6261 units, a 6.1% increase over the first quarter.

AMERICAS

Revenue in North America amounted to 38.8 MUSD, compared with 28.2 MUSD in the same quarter last year and 38.1 MUSD in the first quarter of 2004. The Americas continued to build on its strong start to 2004 with seasonal increases in federal spending and a balance across education and enterprise sales. During the quarter, the Americas theatre earned significant wins with state and local governments, financial services, insurance and retail companies. Leads from several successful trade shows including N+I and InfoComm, and a global seminar that included Cisco Systems and Gartner Group, contributed to a solid sales pipeline at quarter-end.

EMEA

Record revenue in EMEA during the second quarter totaled 26.7 MUSD compared with 17.8 MUSD in the same quarter last year and 22.8 MUSD in the first quarter of 2004. Wins in healthcare, public sector and enterprise contributed to the revenue gains, as well as sales increases in the UK, Emerging Markets, and Eastern Europe. Revenue growth also resulted from operational and sales structure improvements, which were implemented in the first quarter. EMEA added ten IP partnerships in tandem with Cisco through joint marketing events in Europe and Emerging Markets.

ASIA PACIFIC

Revenue in Asia Pacific was 6.3 MUSD compared with 6.6 MUSD in the same quarter last year and 6.9 MUSD in the first quarter of 2004. Australia/New Zealand continued to show strong year-over-year sales growth, as did Japan and South East Asia. However, these gains were primarily offset by the impact of delayed sales and increased backlog for China. Key deployments include the manufacturing sector in China and Japan as well as judicial and healthcare segments in China. Investment in Asia Pacific continued with the hiring of several sales and operations professionals in the region and successful participation in key events.

PARTNERS

Preparing for General Availability of Cisco CallManager 4.0, TANDBERG participated in a number of Cisco events globally. In addition, the Company saw significant traction in Cisco/TANDBERG joint wins. Setting the stage for continued IP proliferation, 25 new direct IP Video/Telephony partners were added, and Ingram Micro signed 41 IP Video/Telephony partners to selectively distribute TANDBERG Video Telephony solutions.

Additionally, TANDBERG held an America's Partner Summit in Atlanta, Georgia to coincide with InfoComm, where over 100 America's TANDBERG partners joined for a two day event.

PRODUCTS

In the second quarter, TANDBERG expanded its leadership position with an innovative technology called MXP, introducing a number of new products and software enhancements across its portfolio. The Company had several industry firsts, including standards-based CD-quality audio and stereo.

- June announcements from TANDBERG included:
 - TANDBERG MPS multipoint control unit was introduced for large enterprises and service providers
 - TANDBERG Management Suite has been rebuilt on the Microsoft .net architecture for scalability
 - TANDBERG Mediaplace, an all-in-one video and multimedia system, was introduced in the Americas

- Last week TANDBERG announced its exciting new MXP technology that includes:
 - Standards-based CD-quality audio and stereo for the highest performing audio
 - H.264 across features such as multipoint and encrypted calls for consistently cost-effective high quality calls
 - Up to eleven participants in a multipoint call for expanded ad hoc collaboration capabilities
 - SIP-ready platform to take advantage of future IP Telephony applications and infrastructure
 - Digital display options and more

- TANDBERG also announced new products to make video widely accessible in organizations:
 - Maestro has all of the MXP features and leverages existing projectors and displays
 - 3000 MXP is designed for flexibility and has rollabout and portable versions

- In addition, TANDBERG completed its end-to-end solution for IP environments with the TANDBERG Gatekeeper.

OUTLOOK

For the remainder of 2004, the Company expects normal seasonal patterns with improving market conditions. TANDBERG maintains an aggressive, long-term view towards the market for collaborative communications solutions and continues to pursue opportunities to grow the market. The Company has a solid pipeline and believes that the recently launched products and marketing initiatives, combined with geographic expansion will positively impact 2004 revenue growth.

WEBCAST/CONFERENCE CALL DETAILS

Today at 10:45 a.m. Eastern Time or 4:45 p.m. Central European Time, Andrew Miller, Chief Executive Officer, Michael Ketcham, Chief Financial Officer, and Terje Rogne, Sr. Vice President of Operations, will host a web conference call live from Oslo, Norway. Additionally, a PowerPoint presentation will accompany the web conference call. To access the webcast call, please copy and paste the following link into a browser:

<https://tandbergevents.webex.com/>

For those who prefer to dial-in, the conference call can be accessed at + (1) 212-346-6393 for international callers or 1-800-254-4927 for U.S. callers. Please allow extra time prior to the call to visit the site and download the streaming media software required for the Internet broadcast. An online archive of the broadcast will be available on the same day of the live call at www.tandberg.net.

ACCOUNTING STANDARDS

The financial information contained within this press release and attached preliminary quarterly financial tables have been prepared in accordance with NGAAP standards for quarterly reporting and are consistent with the principles and practices used in the Company's audited financial statements and annual report for the fiscal year ended 2003.

Beginning on January 1, 2004, TANDBERG began reporting its financial statements in U.S. Dollars ("USD"). Previously, the Company reported its financial results in Norwegian Kroners ("NOK"). To assist the Company's stakeholders in comparing 2004 financial results with prior periods, the information provided in this press release for periods prior to January 1, 2004 is presented as if the USD was the reporting currency for that period.

OSLO and NEW YORK, July 13, 2004

The Board of Directors of TANDBERG ASA

Jan Chr. Opsahl (sign.)
Chairman

Andrew M. Miller (sign.)
Chief Executive Officer

For further information please contact Sr. Vice President of Operations Terje Rogne, tel. + 47 98 28 98 02

TANDBERG GROUP, JANUARY - JUNE 2004 (non audited figures)

PROFIT AND LOSS	APRIL - JUNE			JANUARY - JUNE			JAN - DEC
	2004	2003	2002	2004	2003	2002	2003
Figures in USD million							
Operating revenues	71.8	52.5	54.2	139.6	100.9	99.8	223.3
Cost of goods	22.9	17.4	17.6	45.9	33.5	33.2	73.3
Operating expenses	30.2	24.1	19.5	58.5	45.7	36.0	98.0
Depreciation	1.4	1.4	1.1	2.9	2.7	2.2	5.9
Operating profit	17.4	9.7	16.0	32.2	18.9	28.5	46.0
Net financial items	0.5	2.2	17.4	3.1	(0.7)	23.4	12.6
Profit before tax	17.9	11.9	33.4	35.3	18.2	52.0	58.7
Estimated tax	5.4	3.6	5.4	10.6	7.4	9.0	14.8
Profit after estimated tax	12.5	8.3	28.0	24.7	10.8	42.9	43.8

BALANCE SHEET	30 JUNE		31.12
Figures in USD million	2004	2003	2003
Fixed assets			
Intangible fixed assets	49.3	35.4	34.3
Tangible fixed assets	4.2	6.0	5.3
Financial fixed assets	0.8	1.6	1.2
Current assets			
Inventory	15.3	16.0	18.7
Accounts receivable	59.0	45.6	51.6
Other current assets	6.6	8.7	4.3
Cash and bank deposits	258.5	207.4	254.2
Total assets	393.8	320.6	369.6
Equity			
Paid-in capital	112.5	98.5	106.0
Retained earnings	226.5	173.8	200.9
Long-term liabilities	-	-	-
Current liabilities	54.8	48.3	62.7
Total equity and liabilities	393.8	320.6	369.6

GROUP EQUITY	JANUARY - JUNE	
Figures in USD million	2004	2003
Equity as of 01.01	306.9	254.1
Capital increases year-to-date	10.0	10.3
Repayment of equity	-	-
Profit year-to-date	24.7	10.8
Translation differences	(2.6)	(2.9)
Equity as of 30.06	339.0	272.3

QUARTERLY RESULTS

Figures in USD million (except EPS)	2003				2004	
	Q1	Q2	Q3	Q4	Q1	Q2
Operating revenues	48.3	52.5	55.6	66.9	67.8	71.8
Operating profit	9.2	9.7	12.5	14.6	14.9	17.4
Operating margin (%)	19.1	18.4	22.5	21.8	21.9	24.2
Pre-tax profit margin (%)	13.0	22.7	33.6	32.6	25.6	25.0
EPS after tax*	0.02	0.06	0.11	0.14	0.09	0.09
Adj. EPS after tax**	0.07	0.06	0.07	0.08		

Fully diluted EPS approximates reported EPS

*For 2003 - pro-forma EPS by weighted average number of shares

**Adjusted to exclude currency effects of NOK cash balances

CASH FLOW ANALYSIS

Figures in USD million	APRIL - JUNE	
	2004	2003
Cash flow from operations		
Profit before tax	17.9	11.9
Taxes paid	(6.2)	(5.2)
Ordinary depreciation	1.4	1.4
Write-down of fixed assets	-	-
(Gain)/loss on sale of fixed assets	-	-
Change in receivables/ payables/ inventories	(4.7)	2.4
Change in other accounts	2.7	2.5
Change in pension scheme assets/ liabilities	-	-
Effect of changes in exchange rates	(0.4)	0.8
Entries classified as investments/ financing activities	-	-
Net cash flow from operations	10.7	13.8
Cash flow from investments		
Proceeds from sales of assets	-	-
Investments in fixed assets	(16.9)	(0.4)
Investments in subsidiaries	-	-
Change in other investments	-	-
Net cash flow from investments	(16.9)	(0.4)
Cash flow from financing		
Repayment/ drawdown of debt	-	-
Proceeds from share issues	0.8	-
Repayment of capital	(7.8)	-
Net cash flow from financing	(7.0)	-
Net change in liquid assets during the quarter	(13.2)	13.5
Liquid assets at 31.03	272.1	193.9
Effect of exchange rate on cash	(0.3)	0.0
Liquid assets at 30.06	258.5	207.4

ABOUT TANDBERG

TANDBERG is a leading global provider of visual communication products and services. The Company has dual headquarters in New York and Norway. TANDBERG designs, develops and markets systems and software for video, voice and data. 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.net for more information.