

TANDBERG Reports First Quarter 2006 Results

Revenue of 82.7 MUSD and Operating Profit of 17.7 MUSD in 1Q06

OSLO and NEW YORK, April 20, 2006 – TANDBERG® (OSLO: TAA.OL), today announced financial results for the first quarter ended March 31, 2006.

Overview of 1Q06:

- Revenue of 82.7 MUSD with volume of 8,124 units
- Gross margin of 69.1% and operating profit of 17.7 MUSD
- Operating expenses higher but reflecting business momentum
- Pre-tax profit of 19.1 MUSD and solid cash flow
- Continued improvement in operating fundamentals
- Portfolio of strategic initiatives in place

First quarter revenues were 82.7 MUSD compared with 82.5 MUSD in the same quarter last year and 82.9 MUSD in 4Q05. 1Q06 gross margin was 69.1%, compared with 67.7% in the same quarter last year and 67.3% in 4Q05. Selling, general & administrative (SG&A) expenses for 1Q06 totaled 36.2 MUSD, compared with 32.6 MUSD in the same quarter last year and 35.1 MUSD in 4Q05. Operating profit was 17.7 MUSD compared with 20.6 MUSD in the same quarter last year and 18.2 MUSD in 4Q05. Earnings per share (after tax) were 0.113 USD in 1Q06 compared with 0.126 USD in the same quarter last year and 0.115 USD in 4Q05.

The Company generated cash flow from operations of 14.5 MUSD, which after a net cash outflow from investments of 6.0 MUSD and after repurchasing its own shares amounting to 13.6 MUSD, gave a total cash outflow of 5.1 MUSD. As of March 31, the Company had a cash balance of 197.5 MUSD and an equity ratio of 73.2%.

Discussing first quarter results, Fredrik Halvorsen, Chief Executive Officer, stated, "TANDBERG's revenue momentum rebounded as customers responded to quality products. TANDBERG maintains a long-term positive outlook for the industry and will continue concentrating on quality of operations and business build. However, TANDBERG's growth will not be linear quarter-over-quarter and the Company's strong focus will be on maintaining a healthy short-term/long-term balance while investing in R&D and partnerships.

The Company continued to improve operating fundamentals throughout the quarter. High margins reflected continued firm pricing and a strong and structured close of the quarter. An increase in investment and cost levels offset margin gains at the current level of revenue, while continued improvement is recorded in working capital. Linearity and consistent behavior in the field continue to be key priorities, and costs will be closely monitored to match prevailing business momentum.

The revenue mix was largely unchanged from 4Q05. Network sales constituted 11.2% and service sales 14.0% of total revenues, respectively. While service sales grew strongly, revenue from network products continues to be negatively impacted by the change in MCU prices implemented late 3Q05."

MARKETS

In 1Q06, TANDBERG sold 8,124 units compared with 8,478 in 4Q05, a 4.2% decrease, and 7,531 units in the same quarter last year, a 7.9% increase.

AMERICAS

Revenue in the Americas Theatre during 1Q06 totaled 42.9 MUSD, including revenue from OEM sources, compared with 42.0 MUSD the same quarter last year and 44.8 MUSD in 4Q05. Overall Americas saw a blended performance with continued focus on business build. Mixed results in the U.S. Enterprise business was balanced by target performance in U.S. Federal and strong performance in Canada.

The Americas organization was reinforced with several key positions now filled. Notably, a new President of TANDBERG Federal was hired. The Theatre also improved inventory controls, margins and DSO. Services revenue growth in the Americas remains strong.

The Theatre will continue to improve on linearity and cost containment. Important initiatives include building competence in selling network products and the recalibration of channel partner programs.

EMEA

Revenue in EMEA during 1Q06 totaled 31.7 MUSD, compared with 34.5 MUSD in the same quarter last year and 29.5 MUSD in 4Q05. The quarter was notable for its strong results in the U.K., where changes made in 2005 are starting to have an impact. There continues to be good development in Southern Europe and Central Europe, while Emerging Markets showed weaker results.

The strong development in the U.K., Southern and Central Europe has created a solid geographical balance of business. There is an increased focus on quality of prospects.

Looking ahead, the Theatre will respond to weaker than expected network sales and will continue to optimize spending. There will be a focus on building competence in the TANDBERG total solution among the channel partners. In addition, the service delivery model will be improved and scaled through the new technical assistance center.

ASIA PACIFIC

Revenue in APAC during 1Q06 totaled 8.1 MUSD, compared with 5.9 MUSD in the same quarter last year and 8.6 MUSD in 4Q05. The APAC Theatre is on track for consistent improvement, with stable performance in Southeast

Asia and Australia. North Asia experienced acceptable development, but below the level needed for APAC to display strong growth.

The Theatre had a balanced revenue mix selling the complete portfolio of products, including network and services. APAC now has sound operational practices in place, securing solid fundamentals, and will be managed to produce higher revenue per head, improved margins and operational efficiency. The partner coverage, review and feedback process will also be improved.

INITIATIVES

TANDBERG has established three business priorities to focus the Company and ensure its leadership in the visual communications market:

Optimize TANDBERG's Core Business

- Build a competent and motivated organization based on our corporate values, and at the same time keep the short-term long-term balance in check
- Strengthen the scope and competency of our partner network
- Continue to innovate and grow our network products and services
- Focus on selling to higher levels of the organization – instituting tailored executive level selling programs

Take Video Outside of the Traditional Meeting Room

- Target the desktop with new solutions and offerings
- Make high-end, feature rich solutions that provide a life-like experience
- Deliver on mobility and streaming solutions to broaden the reach of video

Create a Unique Collaboration Experience

- With a set of leading partners, offer the full suite of audio, video and web communication
- Offer our customers a total solution that is easy to buy, deploy, and use
- Provide standards-based solutions that are easy to integrate with existing communication technologies

TANDBERG has already demonstrated that it will achieve these goals through innovation and with the support of leading partners. The Company's recent track record of innovation includes enabling a full video solution for collaboration tools such as Microsoft® Live Communications Server and Office Communicator to IBM® Lotus® Sametime®. TANDBERG was also first to deliver feature-rich streaming and archiving, and to connect 3G devices to an end-to-end video solution. The Company's firewall traversal technology was adopted as the ITU standard, including many firsts in security enhancements. TANDBERG was the first to deploy IPv6, the next generation Internet Protocol, as well as find new applications for video in banking and manufacturing.

TANDBERG is a part of Avaya's DeveloperConnection Program. The Cisco relationship is yielding sales of the co-branded product, while the IBM relationship has expanded from Lotus Notes® integration for scheduled video calls,

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to Lotus Sametime integration for ad hoc one-click video calling. Joint field activity has also generated interest in streaming and services. A complete integration with Microsoft Office Live Communications Server 2005 and Communicator for audio, e-mail, IM, web and multipoint video collaboration is shipping. TANDBERG also offers Microsoft Live Meeting integration for web conferencing. Finally, TANDBERG's status as a Developer Partner with Nortel has been productive, resulting in SIP certifications for all MXP endpoints and for the MPS family of multipoint control units and many joint event engagements.

On July 12 the second quarter results will be released.

WEBCAST/CONFERENCE CALL DETAILS

Today at 11:00 a.m. Eastern Time or 5:00 p.m. Central European Time, Fredrik Halvorsen, Chief Executive Officer, and Terje Rogne, Senior Vice President of Operations, 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 +1.617.213.8898 for international callers or 1.866.543.6407 for U.S. callers. The audience passcode for the call is TANDBERG. 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 within one business day.

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, 2005. The enclosed consolidated condensed financial statements should be read in conjunction with the 2005 annual financial statements, which include a full description of the Group's accounting policies.

OSLO and NEW YORK, April 20th, 2006

The Board of Directors of TANDBERG asa

Jan Chr. Opsahl (sign.)
Chairman

Fredrik Halvorsen (sign.)
Chief Executive Officer

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

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TANDBERG GROUP, JANUARY - MARCH 2006 (IFRS - non audited figures)

PROFIT AND LOSS	JAN - MAR		JAN - DEC
	2006	2005	2005
Figures in USD million			
Operating revenues	82.7	82.5	345.2
Cost of goods	25.6	26.6	112.1
Operating expenses	36.2	32.6	136.9
Depreciation	3.2	2.7	10.7
Operating profit	17.7	20.6	85.4
Net financial items	1.4	2.0	5.4
Profit before tax	19.1	22.6	90.8
Estimated tax*	5.4	6.3	20.7
Profit after estimated tax	13.8	16.3	70.1

* Estimated tax for quarterly results is 28% for 2006

SEGMENT INFORMATION	JAN - MAR		JAN - DEC
	2006	2005	2005
Figures in USD million			
Operating revenues - geographical segments			
Americas	42.9	42.0	189.3
EMEA	31.7	34.5	125.8
APAC	8.1	5.9	30.1
Total	82.7	82.5	345.2
Operating profit - geographical segments			
Americas	2.9	2.3	7.7
EMEA	0.7	3.3	7.6
APAC	(0.2)	(0.8)	(2.0)
Non-allocated	14.2	15.8	72.1
Total	17.7	20.6	85.4
Operating revenue sources			
End-points	61.9	62.1	258.0
Network products	9.2	9.8	42.6
Value Added Services	11.6	10.6	44.5
Total	82.7	82.5	345.2

QUARTERLY RESULTS	2005				2005	2006
	Q1	Q2	Q3	Q4	2005	Q1
Operating revenues (USD million)	82.5	88.5	91.2	82.9	345.2	82.7
Operating profit (USD million)	20.6	23.1	23.6	18.2	85.4	17.7
Operating margin (%)	25.0	26.0	25.8	22.0	24.7	21.4
Pre-tax profit margin (%)	27.4	26.2	27.7	23.8	26.3	23.1
EPS after tax (USD)	0.126	0.132	0.144	0.115	0.554	0.113
EPS after dilution (USD)	0.126	0.131	0.144	0.115	0.554	0.113

BALANCE SHEET	31 MAR		31 DEC
Figures in USD million	2006	2005	2005
Non-current assets			
Intangible assets			
Goodwill, patents and development	73.5	60.1	71.4
Deferred income tax assets	3.4	-	4.5
Tangible assets	5.4	3.6	4.2
Financial assets	-	0.2	-
Current assets			
Inventory	30.7	35.9	26.5
Accounts receivable	71.4	77.1	79.2
Other current assets	7.5	1.7	3.0
Cash and bank deposits	197.5	197.4	202.8
Total assets	389.3	376.1	391.5
Equity			
Share capital	15.6	15.6	15.6
Treasury shares	(2.0)	(1.2)	(1.9)
Share premium	98.0	107.0	101.1
Other equity	173.4	171.2	180.9
Non-current liabilities	-	2.2	-
Current liabilities			
Accounts payable	21.0	15.6	22.8
Tax deductions and duties payable	(0.9)	(0.2)	(0.8)
Taxes payable	15.3	21.9	18.2
Other current liabilities	69.0	44.0	55.6
Total equity and liabilities	389.3	376.1	391.5

CHANGES IN EQUITY	JAN - MAR		JAN - DEC
Figures in USD million	2006	2005	2005
Equity as of 1 January	295.7	334.3	334.3
Treasury shares (net)	(13.6)	(54.3)	(97.0)
Dividend	(12.1)	-	(11.1)
Profit after est. tax year-to-date	13.8	16.3	70.1
Share based payments	-	0.8	3.1
Translation differences	1.2	(4.6)	(3.8)
Equity as of end of period	285.0	292.6	295.7

CASH FLOW ANALYSIS	JAN - MAR	
	2006	2005
Figures in USD million		
Cash flow from operations		
Profit before tax	19.1	22.6
Taxes paid	(5.9)	(5.9)
Ordinary depreciation	3.2	2.7
Change in receivables/ payables/ inventories	1.9	(11.6)
Change in other accounts	(3.4)	5.9
Effect of changes in exchange rates	(0.5)	(3.1)
Net cash flow from operations	14.5	10.6
Cash flow from investments		
Investments in tangible assets	(1.5)	(0.1)
Investments in intangible assets	(4.5)	(2.2)
Net cash flow from investments	(6.0)	(2.3)
Cash flow from financing		
Proceeds from sale of treasury shares	-	29.4
Repurchase of shares	(13.6)	(83.7)
Dividend paid	-	-
Net cash flow from financing	(13.6)	(54.3)
Net change in liquid assets during the period	(5.1)	(46.0)
Liquid assets opening balance	202.8	242.9
Effect of exchange rate on cash	(0.2)	0.5
Liquid assets at end of period	197.5	197.4

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.net for more information.

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