

High levels of orders received and additional acquisitions

- Strong order intake, especially outside Western Europe.
- Acquisition of Telspec Network Services Division strengthens Teligent's market position.
- Orders received increased by 51% to SEK 239* (158) million.
- The order backlog at the end of the period amounted to SEK 174* (127) million of which on-going ASP and support contracts accounted for SEK 106 (83) million.
- Net sales amounted to SEK 163* (167) million.
- Income after tax amounted to SEK -25* (-96) million.
- Net income per share amounted to SEK -1.30 (-4.90).

* Including order backlog of SEK 23 million arising in conjunction with acquisition of Telspec. Net sales and income are not affected by the acquisition.

The President's comments

Teligent's focus on establishing itself on the global market has resulted in a significant increase in customer activity. There has been great interest in the company's products, which has also resulted in a strong order intake.

As seen previously during the year, and also during the third quarter, a significant portion of the orders received and net sales are attributable to regions outside Western Europe.

The acquisition of the division from Telspec is an advantageous supplement to Teligent and the solutions acquired within the "mass calling" segment in general, and the strategically important installation assignment with BT, have immediately created new business opportunities. The synergies arising from the acquisition are expected to give effect for the company already during the current year.

Net sales decreased slightly compared with the previous year, primarily due to the fact that orders expected during the second quarter were somewhat delayed. However, orders received during the third quarter provide an improved position for the entire year. Operating income improved by SEK 70 million compared with the corresponding period in the previous year.

In our opinion, there is an increasingly positive trend in the market in general, amongst other things based on customer activities during the third quarter. In spite of this, it remains difficult to predict developments, given the weaker market in the previous quarter. However, we believe that Teligent's market position is considerably improved compared with previously.

We maintain our view that the possibilities for development for Teligent will be better than the market.

Ulf Lindstén, President and Chief Executive Officer

Operations

There are major differences between different regions for the systems and solutions supplied by Teligent. Work to expand the company's geographic range and scope in growth markets is continuing and the increased global presence has provided results in the form of substantially increased levels of customer activities.

After Teligent's initial deliveries in the Middle East, we continue to see considerable market interest and great potential for follow-on agreements in the region during the year. The establishment of operations and deliveries in Africa has led to several important opportunities in the region for Teligent and major orders were also signed during this period.

Our installations and market activities in Eastern Europe have continued to develop strongly and a number of additional orders have been placed. We also see great potential for additional orders from this region in forthcoming quarters.

The distribution agreement with Tekelec has continued to develop well. We have become stronger in our belief that deliveries to end-users in North America can be made during the current year.

Initial positions have been secured in Asia and South America with a number of large operators in the respective markets.

We also see indications that telecommunications operators in Western Europe may become more willing to invest in our segment in the forthcoming quarter than compared with recent years.

Included in the product areas that have currently shown the highest levels of demand are Mobila IN services, System for prepaid services, Messaging system and various mobile data services such as SMS routes / SMS-C. After the acquisition of Telspec, several more business opportunities within the segment "mass calling" have opened up.

Parallel to globally establishing operations, work has continued with structural measures and efforts to raise efficiency.

Third quarter

Orders received for the third quarter amounted to SEK 123.4 (35.8) million.

Net sales for the third quarter amounted to SEK 54.9 (70.8) million and income after financial items amounted to SEK -4.9 (-2.6) million.

A total of SEK 23.5 million of the orders is attributable to the Telspec acquisition. Net sales and income are not affected by the acquisition. The transaction took place September 30.

Period January – September

Orders received

Orders received amounted to SEK 239.4 (157.6) million.

At the end of the period, the order backlog amounted to SEK 173.5 (127.3) million, of which on-going ASP and support contracts accounted for SEK 106.4 (83.0) million. Only those ASP and support contracts that will be delivered during the next 12 months are reported as order backlog.

A total of SEK 23.5 million of the orders is attributable to the Telspec acquisition.

Net sales

Net sales for the period amounted to SEK 163.4 (166.6) million. Of net sales, SEK 65.9 (65.4) million refers to income from ASP and support agreements.

Net sales by geographical market.

Amounts in SEK millions	Jan-Sep 2003 (9 months)	Jan-Sept 2002 (9 months)	Jan-Dec 2002 (12 months)
Nordic countries	46.6	64.6	82.0
Western Europe	36.1	43.9	61.5
Eastern Europe	8.9	12.8	23.6
North America	28.1	16.4	24.8
Africa	19.0	28.9	57.8
Asia	24.7	-	-
Total, net sales	163.4	166,6	249.7

Income and gross margin

Operating income for the period amounted to SEK –32.9 (-103.0) million and income after financial items amounted to SEK –25.3 (-95.6) million. The gross margin amounted to 47.7 (44.3) per cent.

Tax

The Parent Company has fiscal deficit of approximately SEK 112,7 million. Of this deficit, SEK 2,7 million has been settled against deferred income tax liabilities.

Financial position, cash flow and investments

The Group's equity as per 30 September 2003 amounted to SEK 219.2 (320.2) million. The equity/assets ratio was 72 (79) per cent. Unappropriated liquid funds, excluding unutilised credit lines, amounted to SEK 61.6 (227.9) million as per 30 September 2003.

Cash flow after investments amounted to SEK –91.5 (28.1) million. Investments for the period in intangible fixed assets amounted to SEK 36.4 (7.6) and in tangible fixed assets amounted to SEK 10.8 (2.8) million.

A total cash amount of SEK 15.8 million was paid for the acquisition of Telspec Network Service Division, and an additional purchase sum was also paid. A good will item estimated to SEK 16.2 million has arisen in conjunction with the acquisition.

Personnel

The total number of employees in the Group amounts to 286 (238), of which 161 (161) are in Sweden. Of this amount, 55 refers to employees in England and Spain who were take over in conjunction with the acquisition of Telspec's switching division.

Redemption of shares

At an extraordinary general meeting, held on 8 April, a resolution was taken regarding the redemption of shares and reduction in share premium reserve. The offer entitled shareholders the right to redeem every fifth share against a cash payment of SEK 20 per share. The period of application expired in May and applications for the redemption of 3,868,519 shares were submitted, corresponding to approximately 99 per cent of the total shares which were eligible to be redeemed according to the agreement. In the third quarter the district court approved the company's request regarding the redemption of shares and the reduction of share capital, and the judgement became legally binding. In mid-September SEK 77.4 million was paid to the shareholders.

Forecast for 2003

The continued prevailing general uncertainty among telecommunications players makes it extremely difficult to assess market trends. Therefore, the company will not submit a forecast for the entire year 2003.

Accounting principles

This interim report has been prepared in accordance with recommendation RR20 Interim Financial Reporting from the Swedish Financial Accounting Standards Council.

The accounting principles and method of calculation applied in this interim report are the same as those principles applied in the most recent annual report.

Nynäshamn, 22 October 2003

Ulf Lindstén

President and Chief Executive Officer

This interim report has not been the subject of an audit by the company's auditors.

Nominations to Board of Directors

The nominating committee appointed at the Annual share holders meeting consist of:

Per Wejke (Chairman Board of Directors), Olle Isberg (Member of the Board of Directors), Mikael Karlsson (Member of the Board of Directors), Caroline af Ugglas (Skandia Fonder) and Björn Lind (SEB Fonder).

Contacts with these persons are handled by Therese Tietjens, tfn: +46 (0)8 520 66050.

Questions regarding this interim report can be addressed to:

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Forthcoming reports

Year-end report January-December 2003

4 February 2004

Annual General Meeting

30 March 2004

Interim report January-March 2004

29 April 2004

About Teligent

Teligent develops, markets and sells advanced value added services for telecommunications networks. The services and applications provided by the company are based on the generic service development platform, the Teligent P90/E. Teligent's solutions are currently utilised by leading telecom operators, for example AT&T Wireless, BT, Cingular, Maroc Telecom, T-Mobile USA, Telefónica, Tele2, Telia and members of the Vodafone group.

Teligent was founded in 1990 and has been listed on the Stockholmsbörsen (the Stockholm Stock Exchange) since 1999. With offices throughout the Americas, Asia/Pacific, Europe and the Middle East as well as international partnerships, the company combine global reach with expertise in local market requirements.

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Consolidated income statement

Amounts in SEK millions	Jul-Sep 2003 (3 months)	Jul-Sep 2002 (3 months)	Jan-Sep 2003 (9 months)	Jan-Sep 2002 (9 months)	Jan-Dec 2002 (12 months)
Net sales	54.9	70.8	163.4	166.6	249.7
Cost of goods sold	-24.5	-37.8	-85.4	-92.8	-131.5
Gross income	30.4	33.0	78.0	73.8	118.2
Sales expenses	-14.8	-13.1	-48.8	-41.2	-54.7
Administration expenses	-14.5	-13.5	-41.1	-43.4	-60.8
Development expenses	-5.0	-10.6	-21.2	-39.6	-53.4
Items affecting comparability	-	3.7 ¹	4.2	-45.1 ²	-43.6
Other operating income/expenses	-2.0	0.6	-4.0	-7.5	-8.5
Operating income	-5.9	0.1	-32.9	-103.0	-102.8
Net financial items	1.0	2.5	7.6	7.4	8.1
Income after financial items	-4.9	2.6	-25.3	-95.6	-94.7
Tax	-	-	-	-	-
Minority interest	-	-	-	-	-
Net income for the period	-4.9	2.6	-25.3	-95.6	-94.7
Net income per share, before dilution	-0,26	0.14	-1,30	-4.90	-4.85
Net income per share, after dilution	-0,26	0.14	-1,30	-4.90	-4.85
Number of shares, before dilution	18.952.368	19,554,138	15,685,619	19,526,539	19,554,138
Number of shares, after dilution	18.952.368	19,554,138	19.354.288	19,526,539	19,526,736

*) Depreciation/amortisation is charged against operating income in the amount of SEK 13.2 (16.3) million, with SEK 3.0 (4.1) million referring to intangible fixed assets and SEK 10.2 (12.2) million referring to tangible fixed assets.

1) Items affecting comparability refer to payments received regarding previously reserved costs for expected bad debt losses.

2) Items affecting comparability refer to costs for bad debt losses in the net amount of SEK 0 (16.6) million, write-downs of intangible assets regarding acquired Goodwill in the amount of SEK 0 (10.0) million, capitalised expenditure for product development in the amount of SEK 0 (7.6) million and costs in conjunction with staff reduction expenses in the amount of SEK 0 (10.9) million.

Consolidated balance sheet

Amounts in SEK millions	30 Sep 2003	30 Sep 2002	31 Dec 2002
Intangible fixed assets	61.5	29.0	28.0
Other fixed assets	31.1	31.6	28.8
Inventories	5.4	3.8	4.4
Current receivables	145.5	114.5	95.9
Short-term investments	47.5	186.9	187.3
Cash and bank	14.1	41.0	44.2
Total assets	305.1	406.8	388.6
Equity	219.2	320.2	323.1
Current liabilities	85.9	86.6	65.5
Total equity and liabilities	305.1	406.8	388.6
Pledged assets	10.0	10.0	10.0
Contingent liabilities	12.0	3.7	12.9

Changes in consolidated equity

Amounts in SEK millions	30 Sep 2003	30 Sep 2002
Opening equity as at 31 December, according to the adopted balance sheet	323.1	415.1
Redemption of shares	-78.4	-
Change in translation differences	-0.2	0.7
Net income for the period	-25.3	-95.6
Amount at end of the period	323.1	415.1

Consolidated cash flow statement

Amounts in SEK millions	Jan-Sep 2003 (9 months)	Jan-Sep 2002 (9 months)	Jan-Dec 2002 (12 months)
Cash flow from operating activities	-12.8	-61.6	-51.9
Change in working capital	-36.1	100.2	96.5
Investments	-42.6	-10.5	-12.9
Cash flow after investments	-91.5	28.1	31.7
Financing activities	-78.4	-	-
Cash flow for the period	-169.9	28.1	31.7
Liquid funds at beginning of the period	231.5	199.8	199.8
Liquid funds at end of the period	61.6	227.9	231.5

The Group in summary

Amounts in SEK millions	Jul-Sept 2003 (3 months)	Jul-Sept 2002 (3 months)	Jan-Sep 2003 (9 months)	Jan-Sep 2002 (9 months)	Jan-Dec 2002 (12 months)
Orders received	123.4*	35.8	215.9	157.6	210.7
Net sales	54.9	70.8	163.4	166.6	249.7
Gross margin, %	55.4%	46.6	47.7	44.3	47.3
Operating income	-5.9	0.1	-32.9	-103.0	-102.8
Operating margin, %	-10.7	0.1	-20.1	-61.8	-41.2
Income after financial items	-4.9	2.6	-25.3	-95.6	-94.7
Cash flow after investments	-54.6	14.9	-91.5	28.1	31.7
Investments	28.3	0.4	45.8	10.5	12.9
Depreciation/amortisation	3.5	5.1	13.2	16.3	21.6
Equity/assets ratio, %	-	-	72	79	84
Number of employee at end of the period	-	-	286	238	233

* Including order backlog of SEK 23,5 million arising in conjunction with acquisition of Telspec. Net sales and income are not affected by the acquisition.

Data per share

Amounts in SEK millions	30 Sep 2003 (9 months)	30 Sep 2002 (9 months)	31 Dec 2002 (12 months)
No. of shares at the end of the period	15 685 619	19 554 138	19 554 138
Average number of shares	19 354 288	19 526 539	19 526 736
Net income per share	-1.30	-4.90	-4.85
Net income per share after full dilution ¹⁾	-1.30	-4.90	-4.85
Equity per share	13.97	16.38	16.52
Equity per share after full dilution ¹⁾	13.97	16.38	16.52

1) The dilution attributable to outstanding warrants has been taken into account in such a manner that the dilution effect is calculated as the aggregate value of the warrants divided by the aggregate value of the shares. The aggregate value of the shares has been calculated as the last price paid on Stockholmsbörsen on 30 September 2003, multiplied by the number of shares in the company, thereby resulting in an aggregate value of the shares of approximately SEK 188 million.

The Black and Schole's model has been used to calculate the value of the warrants, assuming a share price corresponding to the last price paid on the Stockholmsbörsen on 30 September 2003, a volatility of 40 percent for Teligent's share and a risk-free interest rate of 5.00 per cent. With these assumptions, the aggregate value of the outstanding warrants is approximately SEK 0. Consequently, the dilution effect is approximately 0 per cent. Therefore, in calculating the net income per share after full dilution for the period 1 January - 30 September 2003 and equity per share after full dilution as of 30 September 2003, the number of shares has remained unchanged.

Quarterly data

Amounts in SEK millions	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02	Q2/02	Q1/02	Q4/01
Orders received	123.4*	43.1	73.0	53.1	35.8	62.4	59.4	68.6
Net sales	54.9	57.1	51.3	83.1	70.8	46.7	49.1	113.5
Gross margin, %	55.4	46.8	40.6	53.1	46.6	40.1	44.9	66.4
Operating income	-5.9	-11.9	-15.1	0.1	0.1	-81.2	-21.9	20.4

* Including order backlog of SEK 23,5 million arising in conjunction with acquisition of Telspec. Net sales and income are not affected by the acquisition.