

4 February 2004



Adding value to your network

Year-end report 2003

Strong order intake second half 2003

- Orders received increased by 63% and amounted to SEK 344 (211) million.
- The order backlog at the end of the period amounted to SEK 187 (97) million, of which on-going ASP and support contracts accounted for SEK 101 (82) million.
- Net sales amounted to 255 (250) million.
- Income after tax amounted to SEK -44.7 (-94.7) million.
- Earnings per share amounted to SEK -2.42 (-4.85).
- During the year Telspec Network Service Division and assets from e-horizon AB were acquired.
- Redemption of shares by SEK 77,4 million during the year.

About Teligent

Teligent develops and markets advanced value added services for the telecommunications network. The services and applications offered by the company are based on the generic software platform Teligent P90/E. The company's solutions are currently utilised by a large number of leading operators, including AT&T Wireless, BT, Cingular, Maroc Telecom, T-mobile USA, Tele2, Telefónica, Telia and operators within the Vodafone Group. The Company was founded in 1990 and has been listed on Stockholmsbörsen since 1999. With its head office in Nynäshamn, the company currently has offices in nine countries around the world.

Teligent AB

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President's comments

We leave 2003 with a feeling of confidence. The levels of orders received by the company significantly increased during the final six months of the year. This comes as a result of our efforts to broaden our sales and marketing channels, our acquisitions and, in our opinion, an initial up-turn in both the economy and our line of business.

Even though we had hoped for an earlier turn in the market, and with that the possibility to further improve our result in 2003, we are still able to report that both net sales and income improved in 2003 compared with 2002. However, it is most pleasing to report the increase in orders received, which for the entire year amounted to SEK 344 million and total increase of 63%. During the second half of the year, the level of orders received amounted to a total of SEK 228 million, which is greater than the entire amount of SEK 211 million for orders received for the entire year 2002.

The strong levels for orders received provide us with a considerably improved position at the beginning of 2004 compared with the previous year. The order backlog at the end of 2003 was SEK 187 million, which is an increase of 93% compared with the situation at the end of 2002.

The good levels of orders received, and, thereby, the order backlog at the beginning of 2004, combined with the efficiency measures implemented during the fourth quarter, provide us with high expectations for a strong 2004.

Teligent has achieved an improved sales and marketing platform, an initial global sales position and a cost structure in balance with the current level of sales results and the order book.

We have a positive view as regards the possibilities for Teligent to develop better than the market during 2004.

Operations

During 2003, operations were characterised by an expansion of sales and marketing channels, at the same time as we continued our work on making the entire organisation more effective. Teligent has, prior to 2004, sales representatives and reference installations on practically a global basis. Regional sales, either directly or via sales channels, now take place in Western and Eastern Europe, USA, South America, Africa, Middle and Far East, and Russia, after having previously been focused primarily on Western Europe. The strong levels for orders received have, to a great extent, come from regions outside Europe where Teligent has not previously had active operations.

The acquisition of Telspec Network Service Division has primarily implied an increased presence on the British market with the large, strategically important installation at BT for so-called Mass Calling. The acquisition has even contributed towards an addition of valuable expertise, new customers in countries such as Spain and Russia, as well as valuable technology. The full effects of the synergies are expected to be seen in 2004.

Teligent's product portfolio is based on the Teligent P90/E platform. The work on further developing the platform and applications on the platform has continued. Significant orders were taken during the year, and deliveries were made, in a number of strategic areas. The following areas can be mentioned, amongst others:

- *Pre-Paid, both base systems and expansions such as Real-Time Charging Gateway enabling operators to offer new services within MMS and GPRS*
- *Messaging systems, voice mail and additional functionality*
- *Mobil data and SMSC solutions*
- *Solutions for opening the telecommunications network for content providers*
- *IN-solutions such as VPN and various call control services*

Fourth quarter

Orders received for the fourth quarter amounted to SEK 105.0 (53.1) million.

Net sales for the fourth quarter amounted to SEK 91.5 (83.1) million and income after financial items amounted to SEK -18.9 (1.0) million.

The income for the fourth quarter is affected by costs of approximately SEK 13 million for restructuring in connection with acquisition of Telspec Network Division and provisions for bad debts.

Whole year 2003

Orders Received

Orders received for the year amounted to SEK 344.5 (210.7) million.

As at the end of the year the order backlog amounted to SEK 187.1 (97.4) million, of which support and ASP contracts accounted for SEK 101.5 (82.1) million. Only those ASP and support contracts that are to be delivered within the next 12 months are reported in the order backlog.

Net Sales

Net sales for the year amounted to SEK 254.8 (249.7) million. Of net sales, a total of SEK 97.9 (90.1) million referred to income for ASP and support contracts.

Income and Gross Margin

Operating income for the year amounted to SEK -52.3 (-102.8) million and income after financial items amounted to SEK -44.2 (-94.7) million. The gross margin amounted to 43.3 (47.3) per cent.

Tax

The parent company had an assessed fiscal deficit of SEK 161.1 million. Of this deficit, SEK 7.0 million has been settled against deferred income tax liabilities.

Financial position, cash flow and investments

As per 31 December 2003, consolidated equity amounted to SEK 200.0 (323.1) million. The equity/assets ratio was 64 (84) percent. Disposable liquid assets, excluding unutilised credit lines, amounted to SEK 36.7 (231.5) million as at 31 December 2003.

Cash flow after investments amounted to SEK -116.4 (-31.7) million. The period's investments in intangible assets amounted to SEK 46.5 (7.6) million and in tangible fixed assets amounted to SEK 14.8 (5.3) million.

At an extraordinary general meeting held on 8 April a resolution was taken regarding redemption of shares in a offer entitling the shareholders the right to redeem every fifth share against a cash payment of SEK 20 per share. Totally 3.868.519 shares was submitted and in September SEK 77,4 million was paid to the shareholders.

Personnel

The number of employees in the Group was 274 (233), of which 168 (152) are employed in Sweden.

Forecast for 2004

The company refrains from presenting a forecast for 2004.

Accounting principles

This year-end 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.

Dividend

The Board of Directors has decided to propose to the General Meeting of shareholders that there be no dividend granted for the financial year 2003.

General Meeting of shareholders

The General Meeting of Shareholders shall be held in Stockholm on 30 March 2004, at 5 pm, at Quality Globe Hotel, Arenaslingan Stockholm-Globen.

Board nominations

The Nominations Committee, which was appointed at the most recent Annual General Meeting, consists of :

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

The CEO-assistant, Thérèse Tietjens, can be contacted for information regarding the member of this committee 08-520 660 50 or therese.tietjens@teligent.se

Forthcoming reports

The complete annual report for 2003 will be available on approximately 20 March from the company's offices at Konsul Johnsons Väg 17, Nynäshamn. The report will also be distributed to all shareholders at this time.

Annual General Meeting of Shareholders 2003,
30 March 2004

Interim report for January - March 2004,
29 April 2004

Interim report for January - June 2004,
16 July 2004

Interim report for January - September 2004,
22 October 2004

Nynäshamn, 4 February 2004

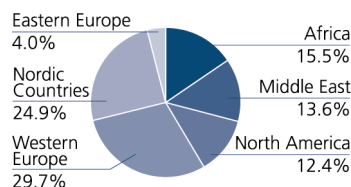
Ulf Lindstén

President and CEO

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

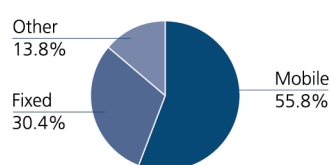
Net sales per market

Jan-Dec 2003



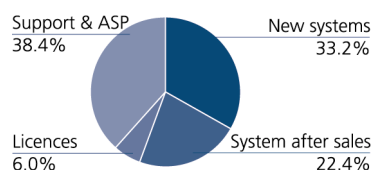
Net sales per market segment

Jan-Dec 2003



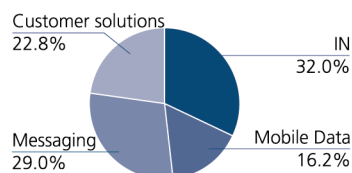
Net sales distribution

Jan-Dec 2003



Classification of systems sales

Jan-Dec 2003



Consolidated income statement

Amounts in SEK million	Okt-Dec 2003 (3 months)	Okt-Dec 2002 (3 months)	Jan-Dec 2003 (12 months)	Jan-Dec 2002 (12 months)
Net Sales	91.5	83.1	254.8	249.7
Costs for goods sold	-59.1	-38.7	-144.4	-131.5
Gross income	32.4	44.4	110.4	118.2
Sales expenses	-18.9	-13.5	-67.8	-54.7
Administration expenses	-14.9	-17.4	-56.0	-60.8
Development expenditures	-5.3	-13.9	-26.5	-53.4
Items affecting comparability ¹	-12.6	1.41	-8.4	-43.62
Other operating income/expenses	-0.1	-0.9	-4.0	-8.5
Operating income*	-19.4	0.1	-52.3	-102.8
Net financial items	0.5	0.7	8.1	8.1
Income after financial items	-18.9	0.8	-44.2	-94.7
Tax	-0.5	-	-0.5	-
Minority interest	-	-	-	-
Net income for the period	-19.4	0.8	-44.7	-94.7
Resultat per aktie, före utspädning	-1.24	0.04	-2.42	-4.85
Resultat per aktie, efter utspädning	-1.24	0.04	-2.42	-4.85
Antal aktier, före utspädning	15.685.619	19.554.138	18.437.121	19.526.736
Antal aktier, efter utspädning	15.685.619	19.554.138	18.437.121	19.526.736

1) Items affecting comparability refer to costs for restructuring in connection the acquisition of Telspec Network Division and provisions for bad debts.

*) Depreciation/amortisation is charged against operating income in the amount of SEK 24.0 (21.8) million, with SEK 4.9 (5.1) million referring to intangible fixed assets and SEK 19.1 (16.7) million referring to tangible fixed assets.

Consolidated balance sheet

Amounts in SEK million	31 Dec 03	31 Dec 02
Intangible fixed assets	69.6	28.0
Other fixed assets	23.6	28.8
Inventories	6.2	4.4
Current receivables	178.4	93.5
Short-term investments	23.5	187.3
Cash and bank balances	13.2	44.2
Total assets	314.5	386.2
Equity	200.0	323.1
Minority interests	114.5	63.1
Current liabilities	314.5	386.2
Pledged assets	20.8	10.0
Contingent liabilities	8.5	12.9

Changes in consolidated equity

Amounts in SEK million	31 Dec 03	31 Dec 02
Opening equity at 31 December according to adopted balance sheet	323.1	415.1
New share issues	-	2
Option premiums	-78.4	-
Change in exchange differences		0.7
Net income for the period	-44.7	-94.7
Amount at end of the period	200.0	323.1

Consolidated cash flow statement

Amounts in SEK million	Jan-Dec 2003 (12 months)	Jan-Dec 2002 (12 months)
Cash flow from operating activities	-21.1	-51.7
Changes in working capital	-34.0	96.3
Investments	-61.3	-12.9
Cash flow after investment activities	-116.4	31.7
Financing activities	-78.4	-
Cash flow for the period	-194.8	31.7
Liquid funds at the beginning of period	231.5	199.8
Liquid funds at the end of period	36.7	231.5

The Group in summary

Amounts in SEK million	Okt-Dec 2003 (3 months)	Okt-Dec 2002 (3 months)	Jan-Dec 2003 (12 months)	Jan-Dec 2002 (12 months)
Orders received	105.0	53.1	344.5	210.7
Net sales	91.5	83.1	254.9	249.7
Gross margin, %	35.4	53.4	43.3	47.3
Operating income	-19.4	0.3	-52.3	-102.7
Operating margin, %	-21.2	0	-20.5	-41.2
Income after financial items	-18.9	0.8	-44.2	-94.7
Cash flow after investments	-24.9	3.6	-116.4	31.7
Investments	14.1	2.4	61.3	12.9
Depreciation	10.8	5.5	24.0	21.8
Equity/assets ratio, %	-	-	64	84
Number of employees at end of period	-	-	274	233

Data per share

Amounts in SEK million	31 Dec 2003 (12 months)	31 Dec 2002 (12 months)
Number of shares at end of period	15.685.619	19.554.138
Average number of shares	18.437.121	19.526.736
Net income per share	-2.42	-4.85
Net income per share after full dilution ¹⁾	-2.42	-4.85
Equity per share	12.75	16.52
Equity per share after full dilution ¹⁾	12.75	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 31 December 2003, multiplied by the number of shares in the company, thereby resulting in an aggregate value of the shares of approximately SEK 314 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 December 2003, a volatility of 40 percent for Teligent's share and a risk-free interest rate of 5.00 percent. With these assumptions, the aggregate value of the outstanding warrants is approximately SEK 0.

Consequently, the dilution effect is approximately 0 percent. In calculating net income per share after full dilution for the period 1 January - 31 December 2003 and in calculating equity per share after full dilution as of 31 December 2003, the number of shares has not, therefore, been increased.

Quarterly data

Amounts in SEK million	Q4/03	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02	Q2/02	Q1/02
Orders received	105.0	123.4	43.1	73.0	53.1	35.8	62.4	59.4
Net sales	91.5	54.9	57.1	51.3	83.1	70.8	46.7	49.1
Gross margin, %	35.4	55.4	46.8	40.6	53.4	46.6	40.1	44.9
Operating income	-19.4	-5.9	-11.9	-15.1	0.1	0.1	-81.2	-21.9

The year-end report for 2002 and previous financial reports are available on Teligent's website, www.teligent.se

Questions regarding this interim report can be addressed to Ulf Lindstén, President, 08-520 660 97 or Lars Alm, CFO, 08-520 660 16.



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