

22 October 2004



Adding value to your network

Interim report, January-September 2004

Increased sales and positive result

- Net sales increased by 63% to SEK 266 (163) million.
- Orders received increased by 17%* and amounted to SEK 279 (239*) million.
- The order backlog at the end of the period increased by 15% and amounted to SEK 200 (174) million, of which on-going ASP and support contracts accounted for SEK 117 (106) million.
- Income after tax amounted to SEK 1 (-25) million.
- Earnings per share amounted to SEK 0.04 (-1.30).
- Strengthened position within the field of the next generation messaging systems and in Asia with several large strategic orders.

* Level of orders received in 2003 included one-off effects from the acquisition of Telspec's business area for network services in the amount of approximately MSEK 23. Level of orders for the period 2004 increased organically by 29% when adjustments were made for these one-off effects.

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 BT, Cingular, MCI, T-mobile USA, Tele2, Telefónica, Telia and operators within the Vodafone Group.

Teligent 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.

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The President's comments

Our growth strategy which, together with the upward economic trend, has resulted in continued growth both regarding net sales and orders received / order backlog.

For the period Jan-Sept 2004, net sales amounted to MSEK 266, an increase of 63 per cent compared with 2003.

The level of orders received amounted to MSEK 279, an increase of 29 per cent compared with the previous year, adjusted for the one-off effects in 2003 as a result of acquisitions. The level of orders received increased by 17 per cent. At the end of the third quarter 2004, the order backlog amounted to SEK 200 million, corresponding to 75 per cent of net sales for the year thus far.

As a consequence of the increased focus on sales, in combination with continued productivity improvements, we can also show a slightly positive operating income for the period, despite continued investments in product development and establishment of global market channels, which both are a necessity in the long term.

We see that the market for our offerings will continue to be good and that we will continue to have good opportunities for further growth and a continued increase in orders received in the near future.

Teligent's position, with a good order book and increased sales, provides us with a positive, solid position.

order within the next generation of messaging services in Northern Europe. We see a potential for Teligent in a continued trend of replacements and new investments within this field. We have continued to develop global sales and distribution channels. An increasing share of our order intake has come from regions outside Europe where Teligent has not previously been active.

The company's product portfolio is based on the Teligent P90/E platform and we have continued to develop the platform and applications in a number of strategic areas. Important orders were taken during the period, and deliveries were made, in a number of strategic product areas, such as:

- *Messaging systems, voice mail and additional functionality*
- *Mobile Prepaid (prepaid card),*
- *Mass Calling and Televoting*

Operations

In 2004 we achieved a number of important strategic breakthroughs both in important regions and within important product areas.

Establishments in Asia have been successful and we have progressed from a breakthrough phase to an establishment phase. We are in the final stages of a major delivery within Mass Calling and Televoting in Southeast Asia, and during the third quarter, we began delivery of a large system for the next generation messaging services for Singtel in Singapore. Also, during the third quarter, we gained an additional large

Third quarter

Orders received for the third quarter amounted to SEK 76.6 (123.4) million.

Net sales amounted to SEK 82.2 (54.9) million.

Income after net financial items amounted to SEK 0.1 (-4.9) million.

Period January – September

Orders received

Orders received for the period increased by 17 per cent to SEK 279.3 (239.4*) million.

As of the end of the period the order backlog amounted to SEK 200.0 (173.5) million, of which support and ASP contracts accounted for SEK 116.2 (106.4) 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 period amounted to SEK 266.4 (163.4) million, equivalent to an increase of 63 per cent. Of net sales, SEK 82.2 (65.9) million refers to income from ASP and support agreements.

Income and gross margin

Operating income for the period amounted to SEK 1.1 (-32.9) million and income after financial items amounted to SEK 0.7 (-25.3) million. The gross margin amounted to 54.7 (47.7) per cent.

Tax

The Parent Company has an assessed tax deficit of approximately SEK 161.1 million. Of this deficit, SEK 22.7 million has been settled against deferred tax liabilities.

Financial position, cash flow and investments

As per 30 September 2004, consolidated equity amounted to SEK 201.2 (219.2) million and the equity/assets ratio is 53 (72) per cent. Liquid funds, excluding unutilised credit lines, amounted to SEK 9.9 (227.9) million as per 30

September. Cash flow after investments amounted to SEK -42.1 (-48.9) million.

Investments for the period amounted to SEK 26.7 (47.2) million, of which investments in intangible assets amounted to SEK 23.6 (36.4) and in tangible fixed assets amounted to SEK 3.1 (10.8) million.

Personnel

The number of employees in the Group increased by 20 during the period to 294 (286), of which 185 (161) in Sweden.

Parent Company

Net sales for the Parent Company amounted to SEK 30.3 (6.6) million. Income after financial items amounted to SEK -93.7 (-57.1) million.

Liquid funds excluding unutilised credit facilities amount to SEK 4.7 (49.2) million.

Investments amounted to SEK 1.2 (1.7) million.

Forecast for 2004

The company refrains from presenting a forecast.

** Level of orders received in 2003 included one-off effects from the acquisition of Telspec's business area for network services in the amount of approximately MSEK 23. Level of orders for the period 2004 increased organically by 29% when adjustments were made for these one-off effects.*

Accounting principles

As from 1 January 2004, Teligent applies the Swedish Financial Accounting Standards Council's recommendation RR 29 Employee Benefits (IAS 19). This new recommendation has not had any effect on the Group's results or financial position. Similar to many other Swedish companies, Teligent insures its ITP pension plans with the Swedish insurance company, Alecta. These pension insurance policies are, according to RR 29, to be classified as defined benefit pension plans, but are reported by Teligent, in accordance with the Swedish Financial Accounting Council's Emerging Issues Task Force's statement URA 42, as defined contribution pension plans. In general, there are only defined contribution pension plans within the Group. This interim report has been prepared in accordance with recommendation RR 20, Interim Financial Reporting, from the Swedish Financial Accounting Standards Council.

In other respects, 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.

Forthcoming reports

Year-end report 2004, 4 February 2005

Annual General Meeting, 7 April 2005

Interim report Jan-March 2005, 28 April 2005

Nynäshamn, Sweden, 22 October 2004

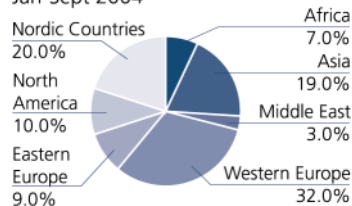
Ulf Lindstén

President and CEO

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

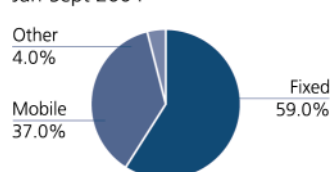
Net sales per market

Jan-Sept 2004



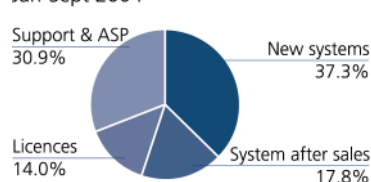
Net sales per market segment

Jan-Sept 2004



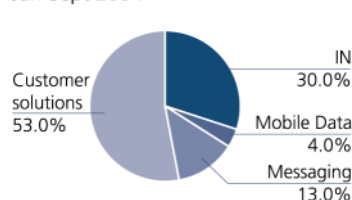
Net sales distribution

Jan-Sept 2004



Classification of systems sales

Jan-Sept 2004



Consolidated income statement

Amounts in SEK millions	Jul-Sep 04 (3 months)	Jul-Sep 03 (3 months)	Jan-Sep 04 (9 months)	Jan-Sep 03 (9 months)	Jan-Dec 03 (12 months)
Net sales	82,2	54,9	266,4	163,4	254,8
Costs for goods sold	-26,6	-24,5	-120,8	-85,4	-144,4
Gross income	55,6	30,4	145,6	78,0	110,4
Sales expenses	-20,5	-14,8	-62,6	-48,8	-69,2
Administration expenses	-20,7	-14,5	-50,6	-41,1	-63,0
Development expenses	-9,9	5,0	29,0	-21,2	-26,5
Items affecting comparability ¹⁾	-	-	-	4,2	-
Other operating income/expenses	-3,8	-2,0	-2,3	-4,0	-4,0
Operating income/expenses²⁾	0,7	-5,9	1,1	-32,9	-52,3
Net financial items	-0,6	1,0	-0,4	7,6	8,1
Income after financial items	0,1	-4,9	0,7	-25,3	-44,2
Taxes	-	-	-	-	-0,5
Net income for the period	0,1	-4,9	0,7	-25,3	-44,7
Net income per share, after dilution	0,01	-0,26	0,04	-1,30	-2,42
Net income per share, before dilution	0,01	-0,26	0,04	-1,30	-2,42
Number of shares, after dilution	15 685 619	18 952 368	15 685 619	19 354 288	18 437 121
Number of shares, before dilution	15 882 719	18 952 368	15 716 484	19 354 288	18 437 121

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

2) Depreciation/amortisation is charged against operating to the amount of SEK -19.2 (-13.2) million, with SEK -11.8 (-3.0) million referring to intangible fixed assets and SEK -7.4 (-10.2) million referring to tangible fixed assets.

Consolidated balance sheet

Amounts in SEK million	30 Sept 2004	30 Sept 2003	31 Dec 2003
Goodwill	34,7	41,3	40,2
Capitalised expenditure for product development	46,7	20,2	29,4
Other fixed assets	19,4	31,1	23,6
Inventories	9,8	5,4	6,2
Current receivables	259,6	145,5	178,4
Current investments	4,1	47,5	23,5
Cash and bank balances	5,8	14,1	13,2
Total assets	388,1	305,1	314,5
Equity	201,2	219,2	200,0
Long-term liabilities, interest-bearing	8,8	-	-
Current liabilities, interest-bearing	33,1	-	-
Current liabilities, non-interest-bearing	137,0	85,9	114,5
Total equity and liabilities	380,1	305,1	314,5
Pledged assets	35,4	10,0	20,8
Contingent liabilities	6,4	12,0	8,4

Changes in pledged assets refer to property mortgages as well as customer guarantees. Changes regarding contingent liabilities refer to a reduction of remaining royalty payments to NUTEK.

Changes in consolidated equity

Amounts in SEK millions	30 Sept 04	30 Sept 2003
Opening equity at 31 December according to adopted balance sheet	200,0	323,1
Redemption of shares	-	-78,4
Option premiums	1,0	-
Change in exchange differences	-0,5	-0,2
Net income for the period	0,7	-25,3
Amount at end of period	201,2	219,2

Consolidated cash flow statement

Amounts in SEK million	Jan-Sept 2004 (9 months)	Jan-Sept 2003 (9 months)	Jan-Dec 2003 (12 months)
Cash flow from operating activities	19,3	-8,2	-22,0
Changes in working capital	-61,4	-36,1	-34,8
Investments	-26,7	-47,2	-59,5
Cash flow after investment activities	-68,8	-91,5	-116,3
Financing activities	42,0	-78,4	-78,5
Cash flow for the period	26,8	-169,9	-194,8
Liquid funds at beginning of period	36,7	231,5	231,5
Liquid funds at end of period	9,9	61,6	36,7

Key Ratios

Amounts in SEK millions	30 Sept 04 (9 months)	30 Sept 03 (9 months)	31 Dec 03 (12 months)
Gross margin, %	54,7	47,7	43,3
Operating margin, %	0,4	-20,1	-20,5
Depreciation/amortisation	19,2	13,2	22,8
Equity/assets ratio, %	53	72	64
Investments	26,7	47,2	59,4
Number of employees at end of period	294	286	274

Data per share

Amounts in SEK	30 Sept 04 (9 months)	30 Sep 2003 (9 months)	31 Dec 2003 (12 months)
Number of share at end of period	15,685,619	15,685,619	15,685,619
Average number of shares	15,685,619	19 354 288	18,437,121
Net income per share	0.04	-1.30	-2.42
Net income per share after full dilution ¹⁾	0.04	-1.30	-2.42
Equity per share	12.69	13.97	12.75
Equity per share after full dilution ¹⁾	12.69	13.97	12.75

¹⁾ The Annual General Meeting of shareholders held on 30 March 2004 resolved to provide a warrant programme comprising for 400.000 warrants which entitle subscription to the same number of shares in Teligent AB. The employees in the Teligent Group were offered the opportunity to subscribe to these warrants, on the basis of market-based compensation in June, whereby 197.100 warrants were subscribed for.

Quarterly data

Amounts in SEK million	Q3/04	Q2/04	Q1/04	Q4/03	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02
Orders received	76,6	84,4	118,4	105,0	123,4	43,1	73,0	53,1	35,8
Net sales	82,2	90,4	93,9	91,5	54,9	57,1	51,3	83,1	70,8
Gross margin, %	67,7	48,8	48,9	35,4	55,4	46,8	40,6	53,4	46,6
Operating income	0,7	-5,1	5,5	-19,4	-5,9	-11,9	-15,1	0,1	0,1

The annual report for 2003 and previous financial reports are available on Teligent's website, www.teligent.se

Questions regarding this interim report can be addressed to
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