



Song Networks Holding AB

Interim Report

January 1 – June 30, 2003

Positive cash flow in the second quarter and continued improvements of profitability in operations

- **Revenues** were SEK 1,160 million (1,149 the corresponding period the previous year). Revenues from high margin services as data and Internet increased with approximately 15% compared with the first six months of 2002 while low margin services as voice and other decreased. Revenues for the second quarter of 2003 were SEK 581 million (559).
- **Gross margin before depreciation** was 43.1% (40.4). Gross margin before depreciation for the second quarter of 2003 was 43.5% (40.7).
- **EBITDA** improved the first six months of 2003 to SEK 40 million (-80). EBITDA for the second quarter of 2003 was SEK 26 million (-33).
- **EBIT** for the period improved to SEK -61 million (-585). EBIT for the second quarter of 2003 was SEK -17 million (-286).
- **Cash flow** for the period was SEK 296 million (-155). Cash flow for the second quarter of 2003 was positive with SEK 9 million (-236).
- **Net result** for the period was SEK 20 million (-2,209).
- **Result per share** for the period was SEK 0.40 (-1,332).
- **Liquid assets** amounted to SEK 560 million at the end of the period (344), including restricted cash. Financial net cash amounted to SEK 423 million (-4,914).

Song Networks Holding AB in summary

Song Networks is a data and telecommunications operator with activities in Sweden, Finland, Norway and Denmark.

Song Networks' business idea is to offer the best broadband solution for data communication, Internet and voice to companies in the Nordic countries. This means that Song Networks has the ambition to supply the best communication solutions with respect to both price and performance. Song Networks is the only operator with a fully integrated network in Sweden, Finland, Denmark and Norway. Song Networks has built local access networks in the largest cities in the Nordic region. The access networks, which are linked by a long-distance network is one of the fastest data and Internet super-highways in Europe, with an initial capacity for customers of up to 45 gigabit. Song Networks was founded in 1995 in Sweden and has 841 employees. The head office is located in Stockholm and there are an additional 24 offices located in the Nordic region. For further information, please visit our website at www.songnetworks.net

Market development

In June 30, 2003 Song Networks had 22,225 corporate customers, of which 7,399 were directly connected to Song Networks' network through a total of 16,890 sites. The total number of corporate customers has decreased, which is explained by a decreasing number of hosting customers with low revenues. Directly connected customers increased by 620 and directly connected sites increased by 2,260 during the first six months of 2003.

The number of fiber sites increased with 262 the first six months of 2003 and amounts to a total of 2,129 at the end of the period. At the end of the first six months of 2003, 7,784 sites were connected through DSL, an increase of 1,137 during the period. 6,610 sites were connected through leased lines.

During the first six months of 2003 Song Networks continued to increase the number of customers to its IP VPN service. At the end of the period Song Networks had 4,914 IP VPN sites compared to 4,064 at the beginning of the year.

Song Networks has signed a number of large customer contracts during the period. On April 23, Song Networks announced that the Norwegian subsidiary Song Networks AS would supply a data network that connects 18 municipalities in 3 regions to Song Networks' broadband network. The contract spans over 3 years, and has a total value for Song Networks of minimum NOK 20 million.

On May 26, the Swedish subsidiary Song Networks Svenska AB entered into an agreement with Bilprovningen regarding the supply of data communications for 179 stations and offices in Sweden, following a public procurement. The agreement will run for 3 years and is worth in the region of SEK 35 million to Song Networks.

A number of Nordic communication solutions have been signed during the period. On April 24, the Norwegian subsidiary signed an agreement with ELCON Finans AS for the supply of a Nordic data network solution. The period of supply covers 5 years, and the value for Song Networks is about NOK 15 million. ELCON Finans has today 20 offices with activities in Norway, Sweden and Denmark. The agreement covers a Nordic data network based on Song Networks' IP VPN solution.

On May 22, Song Networks announced that Song Networks Svenska AB had entered into an agreement with First Hotels regarding the supply of data communications. The solution encompasses 45 hotels and 3 offices in Sweden, Norway and Denmark, which are linked together in a private network through Song Networks' IP VPN solution. The agreement will run for 3 years and is worth in the region of SEK 8 million to Song Networks.

Revenue and result

<i>Financial information</i> SEK million	2002 Q1	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2
Net revenues	590	559	581	595	579	581
Growth in net revenues, %	-5%	-5%	4%	3%	-3%	0%
Gross profit before deprec.	237	228	244	252	247	253
Gross margin before deprec., %	40.1%	40.7%	42.0%	42.3%	42.7%	43.5%
SG&A	-284	-261	-260	-238	-233	-227
SG&A, %	-48%	-47%	-45%	-40%	-40%	-39%
EBITDA	-47	-33	-16	14	14	26
EBITDA, %	-8%	-6%	-3%	2%	2%	4%
Depreciation and amortization	-252	-253	-168	-163	-58	-43
EBIT	-299	-286	-184	-149	-44	-17
EBIT, %	-51%	-51%	-32%	-25%	-8%	-3%
Financial net	-23	-15	-186	50	3	2
Result from associated companies	1	2	1	-33	2	3
Non-recurring items	-15	-1,574	20	406	1	21
Tax	-	-	-	-	-	50
Net result	-336	-1,873	-349	274	-38	58

<i>Capital expenditures</i> SEK million	2002 Q1	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2
Investments, fiber network and equipment	133	124	43	81	40	72
Investments, subsidiaries/ associated companies	-16	-	-	-	100	-

<i>Revenue split</i> SEK million	2002 Q1	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2
Voice and other	363	327	334	356	322	310
Data and Internet	227	232	247	239	257	271
Data and Internet as percentage of total revenues, %	38%	42%	43%	40%	44%	47%
Direct revenues, %	53%	56%	57%	55%	59%	60%
Operators, resellers and ISPs, %	21%	23%	23%	28%	26%	25%
Indirect and other revenues, %	26%	21%	20%	17%	15%	15%

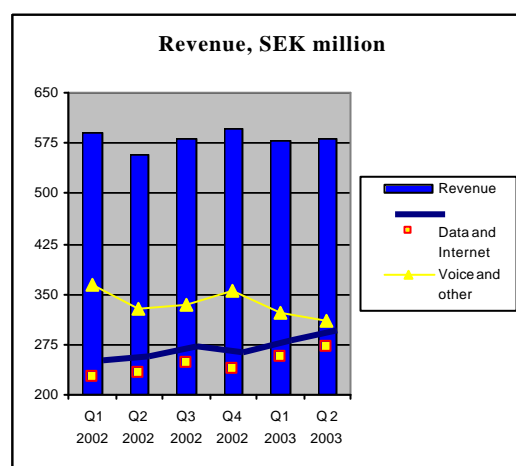
<i>Statistics</i>	2002 Q1	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2
Corporate customers	21,186	21,721	22,077	21,826	22,624	22,225
- of which directly connected	6,338	6,644	6,887	6,779	7,350	7,399
- of which dedicated hosting customers	163	168	170	153	217	224

Number of directly connected sites	11,621	12,989	14,725	14,630	15,809	16,890
- of which fiber	1,344	1,582	1,799	1,867	2,036	2,129
- of which DSL	5,052	5,722	6,472	6,647	6,983	7,784
- of which leased lines	5,092	5,491	5,828	5,919	6,425	6,610
- of which radio	133	194	196	197	365	367
Number of IP VPN sites	2,300	2,900	3,500	4,064	4,489	4,914

Employees, at the end of the period	1,007	994	975	786	828	841
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Song Networks' revenues for the first six months of 2003 were SEK 1,160 million, compared with SEK 1,149 million the same period 2002, which represents an increase of 1%. Revenues for the second quarter of 2003 were SEK 581 million (559), an increase of 4%.

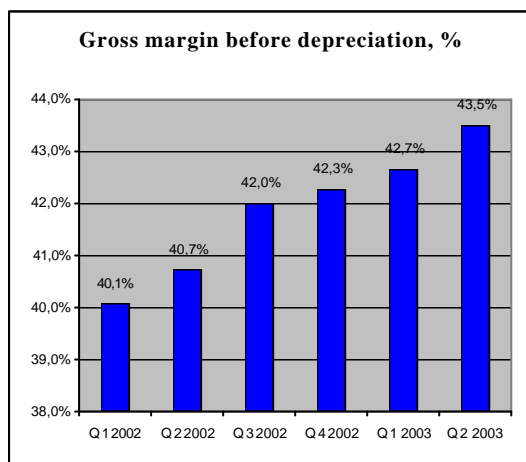
Revenues from data and Internet increased with approximately 15% from the previous year and constituted 45% of total revenues. Revenues from data and Internet were SEK 527 million compared with SEK 459 million the first six months of 2002. Revenues from data and Internet for the second quarter of 2003 were 47%, or SEK 271 million of total revenues, to be compared with 42%, or SEK 232 million the second quarter of 2002.



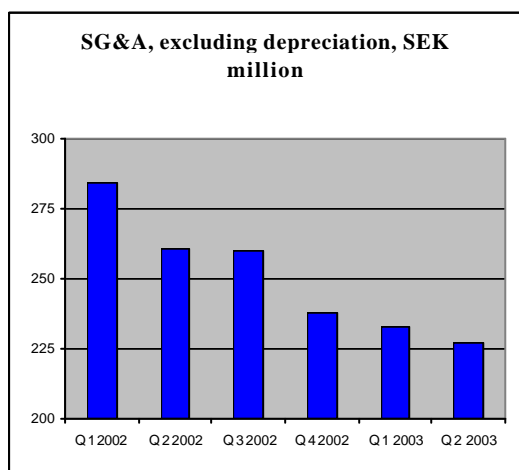
Revenues from Sweden accounted for 37% of total revenues the first six months of 2003, Finland accounted for 26%, Norway for 20% and Denmark for 17%.

Gross margin before depreciation increased during the period and was 43.1% compared with 40.4% the same period previous year, due to an increased share of revenues from data and Internet. Gross margin before depreciation was 43.5% for the second quarter 2003. That represents an

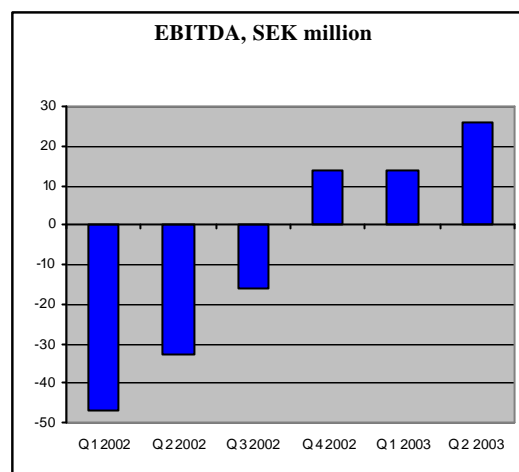
increase of 80 basis points compared with the first quarter of 2003 and is to be compared with 40.7% the corresponding period the previous year.



Selling and administrative expenses excluding depreciation (SG&A) decreased through a continued tight cost control to SEK 460 million compared with SEK 545 million the first six months of 2002. As a percentage of revenues, selling and administrative expenses excluding depreciation was 40%, compared with 47% the first six months of 2002. Selling and administrative expenses the second quarter of 2003 was SEK 227 million compared to SEK 261 million the corresponding quarter the previous year, which represents 39% of revenues compared to 47% the previous year.



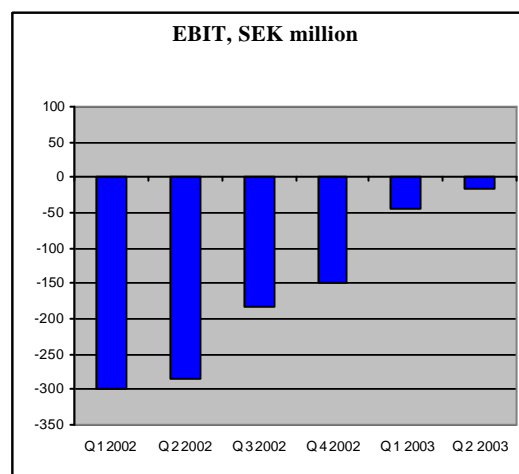
Song Networks showed positive EBITDA of SEK 40 million for the first six months 2003 compared with SEK –80 million the first six months of 2002. The EBITDA margin was 3% the first six months of 2003, compared with –7% the first six months of 2002. EBITDA was SEK 26 million the second quarter of 2003 compared with SEK –33 million the corresponding period the previous year. This represents a margin of 4% compared with –6% the previous year. All countries show positive EBITDA results in the second quarter of 2003.



EBIT was SEK –61 million for the period compared with SEK –585 million the corresponding period the previous year. EBIT for the second quarter of 2003 was SEK –17 million compared with SEK –286 million the second quarter the previous year.

Items affecting comparability, net, SEK 19 million, includes sale of non-operating subsidiaries as well as an increase of previously made provisions for future rental costs.

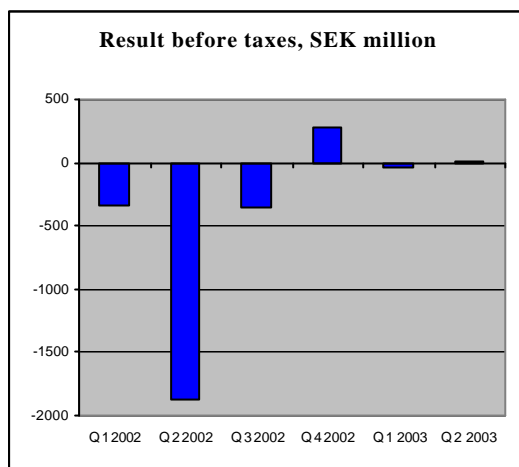
There are previously made provisions for disputes with suppliers regarding the build-out of the network of Song Networks. Song Networks estimates the provisions for rental costs and supplier disputes regarding network build-out to be satisfactory.



Other income/ expenses net, were positive SEK 3 million for the first six months of 2003 and constitute mainly of capital gain from sale of tangible fixed assets. The result from associated companies is also positive for the period, SEK 6 million.

Financial net for the period was SEK 4 million, compared with SEK -38 million the first six months of 2002.

Result before tax for the period 2003 was SEK –30 million compared with SEK –2,209 million the first six months of 2002.



As companies within the group with significant tax losses, are expected to generate positive result before tax, in the near term, a deferred income tax recoverable of SEK 50 million has been recorded in the second quarter of 2003, in accordance with Swedish Financial Accounting Standards Council's Recommendation (R R 9).

Net result for the first six months of 2003 was SEK 20 million compared with SEK – 2,209 million the same period 2002. The net result for the second quarter of 2003 was SEK 58 million compared with SEK –1,873 million for the second quarter of 2002.

Cash flow

Song Networks shows a positive cash flow of SEK 296 million for the period compared with SEK –155 million for the first six months of 2002. The positive cash flow is mainly due to a positive financial net of SEK 384 million, in connection with the financial restructuring. Cash flow from operations contributes with SEK 23 million for the period. Capital expenditures amounted to SEK 112 million during the period.

For the second quarter of 2003 Song Networks shows a positive cash flow of SEK 9 million. Operations generate a significant positive cash flow contribution of SEK 85 million, which exceeds investments of SEK 72 million, as well as repayment of debt of SEK 5 million. The explanation is a continued positive development of the profitability in combination of improved working capital. Tight focus and improved procedures regarding for example invoicing enabled the positive change in working capital. This has partly to be considered a non-recurring effect. The sale of non-operating subsidiaries will affect the cash flow positively the third quarter of 2003, while the development thereafter is expected to be less affected of non-recurring items.

Financial position

As per June 30, 2003, Song Networks had total liquid assets of SEK 560 million (including restricted cash) compared with SEK 266 million as per December 31, 2002. The bank facility of a maximum of SEK 200 million is no longer required, why the facility has been terminated. Restricted cash amounts to SEK 45 million.

The exchange of Senior Notes issued by the subsidiary Song Networks N.V. for new shares in Song Networks was completed during the period. At the closing of the final subscription period on May 2, 2003, all outstanding Senior Notes not already held by Song Networks had been surrendered in exchange for new shares pursuant to the issuance resolutions adopted by the general meeting of shareholders on November 11, 2002 and the Plan of Composition (*Akkoord*) confirmed by the District Court of Amsterdam on December 4, 2002. The total number of Senior Notes exchanged during the entire note exchange corresponds in aggregate to 31,518,188 ordinary shares and 3,412,645 preference shares.

Capital expenditures

Capital expenditures during the first six months of 2003 was SEK 112 million, compared with SEK 257 million during the first six months of 2002. Historical cost for PP&E (Property, Plant and Equipment) amounted to SEK 7,027 million and the carrying value totalled SEK 1,373 million. Depreciation according to plan during the period was SEK 101 million versus SEK 504 million the same period 2002. The lower depreciation is explained by the write-down of fixed assets that was made in December 2002. Through the acquisition of Arrowhead, fixed assets of an appreciated market value of SEK 174 million was added to Song Networks that resulted in increased depreciation.

Personnel

Song Networks ended the first six months of 2003 with 841 employees, an increase of 55 from 786 at the beginning of the year. With the integration of Arrowhead on January 10, 88 employees were added to Song Networks.

Parent Company

The parent company Song Networks Holding AB's revenues for the first six months of 2003 were SEK 0 million, compared with SEK 0 million the corresponding period 2002. Result before tax was SEK –19 million compared with SEK – 4,526 million the previous year. The result for the first six months of 2002 includes a write-down of the carrying value of the shares in the subsidiary Song Networks N.V. of SEK 4,526 million. Investments during the first six months amounted to SEK 0 million compared with SEK 0 million the same period the previous year. The parent company's cash and bank balances at the end of the period was SEK 257 million compared with SEK 87 million at the end of the first six months of 2002. The number of employees in the parent company at the end of the period was 14 compared with 13 in the beginning of the year.

Share data and largest shareholders

Distribution of shares in Song Networks Holding AB:

	6 months Jan 1-June 30, 2003	6 months Jan 1-June 30, 2002	12 months Jan 1-June 30, 2002
Number of shares	55,707,025	1,658,852	1,658,852
Average number of shares	49,289,833	1,658,852	1,658,852
Result per share, SEK	0.40	-1,331.75	-1,376.85

Largest shareholders as per June 30, 2003:

Vattenfall AB	21%
Stena Adactum AB	10%
Dunross & CO AB	9%
JP Morgan Chase & Co	7%
Övrigt	53%
Totalt	100%

Source: VPC

Annual General Meeting

On April 9, 2003, the annual general meeting with the shareholders in Song Networks Holding AB was held. Among others, the following resolutions were passed:

The board of directors was elected in accordance with the proposal set out in the notice: Reelection of Lars Grönberg and election of Tomas Franzén, Roger Holtback, Märtha Josefsson, Kjell Nilsson, Lennart Åsander and Raj Raithatha.

It was resolved to amend the articles of association in accordance with the board of directors' proposal, resulting in an increase of the share capital limits of Song Networks. It was resolved to assign the board of directors to appoint a compensation committee, an audit committee and a nominating committee.

At the first meeting of the board of directors, Roger Holtback was appointed chairman of the board.

Subsequent events

A number of large agreements have been signed following the end of the period. On July 1, Song Networks announced that Song Networks Svenska AB had signed the largest agreement within IP VPN up to now, as it signed an agreement with The National Tax Board (Riksskatteverket) for the supply of data communication. 80 offices throughout the country will be connected through Song Networks' IP VPN service. The National Tax Board has had high demands on accessibility and bandwidth and chose after a test period Song Networks as supplier. The agreement extends over 3 years and has a value of approximately SEK 50 million.

On July 2, it was announced that the Swedish subsidiary had signed an agreement to supply voice and data communication to The Prison and Probation Administration's (Kriminalvårdsverket) 130 offices in Sweden. The

assignment is carried through in cooperation with Dotcom Solutions. The agreement extends over 5 years and has a value for Song Networks of approximately SEK 87 million.

On July 3, it was announced that the Finnish subsidiary and the Ministry of Justice (Oikeusministeriö) had signed a Letter of Intent of delivering a network solution. The network solution will connect the Ministry of Justice's 365 offices in Finland.

A number of agreements for Nordic communication solutions have also been signed following the end of the period. On July 8, it was announced that the Swedish subsidiary had signed an agreement with Ahlsell for the supply of data communication in Sweden and Norway. Together with previous agreement Ahlsell connects in total 125 units in the Nordic region to their IP based VPN solution. Ahlsell has already connected units in Finland and Denmark. Thereby Ahlsell will have a homogenous Nordic solution for its data communication. The new agreement extends over 2 years.

On July 22, it was announced that the Swedish subsidiary Song Networks Svenska AB had signed an agreement with Wedins Skor & Accessoarer AB (Wedins) for the supply of data communication and Internet for Wedins' 218 shops and offices in the Nordic region. The agreement extends over 3 years. The data communication solution involves that all of Wedins offices in the Nordic region are connected to a homogenous data network, IP VPN and gives access to central systems for multimedia based internal training, e-mail and Internet over fixed lines.

On July 9, Song Networks Svenska AB initiated legal proceeding against PNB Communication AB (PNB) at the District Court of Malmö (Malmö Tingsrätt) where Song Networks Svenska AB is claiming PNB to pay SEK 113 million. PNB was contracted in 2000 for the build-out of Song Networks' fiber network and received advance payment for this. Since the build-out was not as extensive as planned Song Networks reclaims the advance payments for work not carried out. In addition Song Networks claims interest and compensation for material that PNB has received. PNB on the other hand has called for arbitration proceedings in an ongoing dispute where PNB is claiming compensation of SEK 40 million for outstanding invoices. Song Networks has made provisions for this ongoing dispute.

Accounting principles

The interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's Recommendation on Interim Reporting (R R 20). Song Networks has applied the same accounting principles that were detailed in the 2002 annual report. As of January 1, 2003 the following new recommendations issued by the Swedish Financial Accounting Standards Council's became effective: Presentation of Financial Statements (R R 22), Investment Property (RR24), Segment Reporting (R R 25), Events after the balance sheet date (R R 26), Financial Instruments: Disclosure and presentation (R R 27) and Accounting for government grants (R R 28). The new recommendations have not had a material impact on this interim report.

EBITDA and EBIT do not include provisions for social security expenses relating to personnel options, items affecting comparability, other income/ expenses and result from associated companies, i.e. EBITDA is the same as what previously was defined as adjusted EBITDA.

Forward-looking statements

Song Networks expects to generate a significantly positive EBITDA for the full year of 2003.

Positive cash flow has been reached earlier than expected. According to the previously given estimation Song Networks had not expected positive cash flow until the second quarter of 2004. Song Networks has explored possibilities through improved routines that have resulted in positive non-recurring effects on cash flow in the second quarter of 2003. The sale of non-operating subsidiaries will affect the cash flow positively the third quarter of 2003. Song Networks expects the cash flow excluding non-recurring items to be positive as from the second quarter of 2004.

As announced in the report for the first quarter of 2003, the revenues for the full year of 2003 is expected to be somewhat lower than the previously stated SEK 2.6 billion.

Song Networks will continue to focus on a tight cost control and scrutinize every possibility to further reduce Song Networks' costs going forward. Run-rate for SG&A is expected to be lower than SEK 240 million per quarter as previously stated.

The network build-out was completed in all material respects at year-end 2001. Future capital expenditures will be customer driven and are expected to total approximately SEK 300 million for the full year of 2003 and approximately SEK 350 million for 2004, according to previous estimation.

Notwithstanding this, Song Networks' ability to generate positive EBITDA and cash flows is subject to numerous risks and uncertainties, some of which are beyond Song Networks' control.

Company disclosure

Song Networks will hold a telephone conference call at 10 am CET, August 12, to present the result for the first six months of 2003 and answer questions. Tomas Franzén (CEO) and Joachim Jaginder (CFO) will host the conference. Dial in number: UK +44 (0) 20 7162 0185, US +1 334 3236 203 (toll free).

Quote: Song Networks

Instant replay will be available from August 12, directly after the conference call is finished, until August 19. To listen, please dial: UK +44 (0) 20 8288 4459, access code: 317852, US +1 334 323 6222 (toll free), access code: 317852.

You will also find the conference call on Song Networks' website www.songnetworks.net

Song Networks Holding AB's third quarter report will be released on November 13, 2003.

An English translation of Song Networks' 2002 annual report is available at Song Networks' office at Gustav III:s Boulevard 18, P.O. Box 712, SE-169 27 Solna, Sweden. The annual report and quarterly results are also available on Song Networks' website: www.songnetworks.net

Stockholm August 12, 2003

On behalf of the board of directors of Song Networks Holding AB

Tomas Franzén, CEO

Consolidated income statement

	3 months April 1 – June 30		6 months Jan 1 – June 30		12 months Jan 1 – Dec 31
	2003 SEK '000	2002 SEK '000	2003 SEK '000	2002 SEK '000	2002 SEK '000
Operating revenues	581 068	558 886	1 160 425	1 149 074	2 325 043
Cost of services sold	-351 633	-424 863	-720 300	-903 769	-1 752 908
Gross profit	229 435	134 023	440 125	245 305	572 135
SG&A	-246 602	-420 037	-501 490	-829 560	-1 487 093
Items affecting comparability	19 170	-1 573 581	19 170	-1 573 581	-1 285 522
Other income/expenses, net	1 737	54	2 628	-15 241	120 364
Result from participation in associated companies	3 309	2 043	5 561	2 770	-28 322
Operating result	7 049	-1 857 498	-34 006	-2 170 307	-2 108 438
Financial net	1 682	-15 376	4 337	-38 488	-175 170
Result before tax	8 731	-1 872 874	-29 669	-2 208 795	-2 283 608
Income tax benefit/expenses	49 540	-7	49 540	-379	-387
Net result	58 271	-1 872 881	19 871	-2 209 174	-2 283 995
Depreciation/amortization & impairment charges included in operating result	-43 264	-1 815 839	-101 412	-2 067 469	-6 136 229
EBITDA					
- SEK '000	26 097	-33 351	40 046	-80 462	-82 876
- %	4.5%	-6.0%	3.5%	-7.0%	-3.6%
Result per share (SEK)					
before dilution	1.05	-1 129.02	0.40	-1 331.75	-1 376.85
after dilution	1.00	-1 129.02	0.38	-1 331.75	-1 376.85
Weighted average of outstanding shares					
before dilution	55 537 587	1 658 852	49 289 833	1 658 852	1 658 852
after dilution	58 048 612	1 730 381	51 800 858	1 730 381	9 590 238
Number of shares outstanding					
before dilution	55 707 025	1 658 852	55 707 025	1 658 852	1 658 852
after dilution	58 218 050	1 730 381	58 218 050	1 730 381	58 362 890

Consolidated balance sheet

	June 30 2003 SEK '000	June 30 2002 SEK '000	Dec 31 2002 SEK '000
ASSETS			
Fixed assets			
Intangible fixed assets	47 067	157 228	49 350
Tangible fixed assets	1 373 371	5 042 773	1 227 569
Financial fixed assets	88 009	379 510	43 938
Total fixed assets	1 508 447	5 579 511	1 320 857
Current assets			
Inventories	27 194	38 113	26 190
Current receivables	775 196	1 040 970	806 486
Investments	-	49 480	-
Cash and bank balances	560 424	344 137	265 751
Total current assets	1 362 814	1 472 700	1 098 427
TOTAL ASSETS	2 871 261	7 052 211	2 419 284
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	1 638 904	5 367 440	6 110 878
Accumulated deficit	-307 220	-5 268 549	-5 345 780
Total equity	1 331 684	98 891	765 098
Provisions	248 063	124 012	212 763
Long-term liabilities			
Interest-bearing liabilities	128 223	5 237 670	-
Non-interest-bearing liabilities	46 945	42 540	35 482
Short-term liabilities			
Interest-bearing liabilities	8 941	70 000	71 737
Non-interest-bearing liabilities	1 107 405	1 479 098	1 334 204
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 871 261	7 052 211	2 419 284

Consolidated cash flow

	3 months April 1 – June 30		6 months Jan 1 – June 30		12 months Jan 1 – Dec 31
	2003 SEK '000	2002 SEK '000	2003 SEK '000	2002 SEK '000	2002 SEK '000
Result before tax	8 731	-1 872 874	-29 669	-2 208 795	-2 283 608
Adjustments for items not included in the cash flow	43 396	1 675 182	96 450	1 821 783	1 622 777
Interest, net	-152	60 856	-4 818	135 476	254 435
Changes in working capital	33 147	-17 211	-38 506	-70 964	111 695
Net cash from operating activities	85 122	-154 047	23 457	-322 500	-294 701
Acquisitions of subsidiaries and associated entities	-	-8 000	439	-53 000	-59 000
Sale of subsidiaries and associated entities	-	-	-	-	132 508
Investments to networks and equipment, net	-71 633	-311 302	-111 787	-556 874	-705 683
Net cash used in investment activities	-71 633	-319 302	-111 787	-609 874	-632 175
New share issue	-	-	397 043	-29	-
Cost, new share issue	-	-	-34 972	-	-
Convertible loan	-	-	97 942	-	-
Other borrowings, net	-4 763	65 646	-76 500	64 445	61 061
Financial restructuring, net	-	-	-	-	-266 646
Investment in short term bonds, net	-	255 455	-	851 622	900 355
Investment in own bonds	-	-83 327	-	-139 002	-
Net cash used in financing activities	-4 763	237 774	383 513	777 036	694 770
Net increase (decrease) of cash	8 726	-235 575	295 622	-155 338	-232 106
Cash, beginning of period	551 363	581 648	265 751	498 121	498 121
Effect of exchange rate changes on cash	335	-1 936	-949	1 354	-264
Cash, end of period	560 424	344 137	560 424	344 137	265 751

Change in shareholders' equity

	6 months April 1 – June 30	6 months April 1 – June 30	12 months Jan 1 – Dec 31
	2003 SEK '000	2002 SEK '000	2002 SEK '000
Shareholders' equity, opening balances	765 098	2 285 089	2 285 089
New share issue	630 985	-29	702 595
Cost, new share issue	-64 966	-	-
Translation adjustment, net	-19 304	23 005	61 409
Net result	19 871	-2 209 174	-2 283 995
Shareholders' equity, closing balances	1 331 684	98 891	765 098

Key ratios

	6 months Jan 1 – June 30	6 months Jan 1 – June 30	12 months Jan 1 – Dec 31
	2003 SEK '000	2002 SEK '000	2002 SEK '000
Gross margin before depreciation, %	43.1%	40.4%	41.3
Gross margin, %	37.9%	21.4%	24.6
Selling and administrative expenses before depreciation (SG&A), %	-39.6%	-47.4%	-44.8
EBITDA, %	3.5%	-7.0%	-3.6
EBIT, %	-5.3%	-50.9%	-39.5%
Operating margin, %	0%	Neg	Neg
Profit margin, %	0%	Neg	Neg
Return on average capital employed, %	-0.2%	-27.8%	-40.5
Return on average shareholders' equity, %	1.9%	-185.3%	-149.8%
Capital employed, MSEK	1 469	5 407	837
Equity/debt ratio, %	46.4%	1.4%	31.6%
Financial net debt (-)/ net cash (+), MSEK	423	-4 914	193
Debt/equity ratio	0.1	53.7	0.1
Interest coverage ratio	Neg	Neg	Neg

Definitions:

Average number of outstanding shares

The average number of outstanding shares is calculated as a daily weighted average during the period.

Average number of outstanding shares after dilution

Calculating the number of outstanding shares after dilution all possible additional shares, as a result of outstanding share option programs, are included. All shares that could be registered as a result of conversion of bonds, new share issue and convertible loans are considered potential ordinary shares from November 11, 2002, i.e. the date for the Annual General Meeting when decision of these measures was taken.

Capital employed

Total assets less non-interest bearing provisions and liabilities.

Corporate customers

Do not include operators, resellers or ISPs.

Debt to equity ratio

The sum of interest bearing provisions and liabilities as a ratio of the sum of shareholders' equity and minority interests in subsidiaries.

EBIT

Earnings before interest and tax excluding provisions for social security expenses relating to personnel options, items affecting comparability/ non-recurring items, other income/expenses and result from associated companies.

EBITDA

Earnings before interest, tax, depreciation and amortization excluding provisions for social security expenses relating to personnel options, items affecting comparability/non-recurring items, other income/ expenses and result from associated companies.

Equity/ debt ratio, %

Equity divided by outstanding debt.

Financial net debt (-)/ Net cash (+)

Interest bearing liabilities less liquid assets including short-term investments.

Gross margin, %

Operating revenues less cost of goods and services sold as a percentage of operating revenues.

Gross margin before depreciation, %

Operating revenues less cost of goods and services sold excluding depreciation and amortization as a percentage of operating revenues.

Gross profit

Operating revenues less cost of goods and services sold.

Gross profit before depreciation

Operating revenues less cost of goods and services sold excluding depreciation.

Interest cover ratio

The total of result before tax and interest expenses, as a ratio of interest expenses.

Operating margin, %

Operating result as a percentage of operating revenues.

Operating result

Income before interest and tax.

Profit margin, %

Result before tax as a percentage of operating revenues.

Result per share

Result after tax divided by the average number of outstanding shares. No consideration has been taken to potential dilution as a result of outstanding options since the effect would be an improved result per share.

Return on average capital employed, %

Net result plus financial income as a percentage of average capital employed (based on the amount at the period start and end).

Return on average shareholders' equity, %

Net result as a percentage of average shareholders' equity (based on the amount at the period start and end).

Selling and administrative expenses (SG&A), %

Selling and administrative expenses before depreciation, costs for social security expenses relating to personnel options and restructuring costs, as a proportion of operating revenues.

Shareholders' equity per share

Shareholders' equity divided by number of outstanding shares at the period end.

Site

Customer connection/office.

Yield, %

Cash dividend as a percentage of the share's price at the end of the period.

Corporate information

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