

29 April 2004



Adding value to your network

Interim report, January – March 2004

Profitable first quarter with high growth

- Orders received increased by 62% and amounted to SEK 118 (73) million.
- The order backlog at the end of the period amounted to SEK 212 (119) million, of which on-going ASP and support contracts accounted for SEK 106 (83) million.
- Net sales amounted to SEK 94 (51) million, an increase of 83%.
- Income after tax amounted to SEK 6 (-12) million.
- Earnings per share amounted to 0.37 (-0.59).
- Major breakthrough order from a leading operator in Asia.

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, Maroc Telecom, T-mobile USA, Telefónica, Tele2, Telia and operator 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

The beginning of 2004 provided us with a continued feeling of confidence for the future. The level of orders received achieved a record high in terms of the usually slightly weaker first quarter and is in line with the previous two quarters. Our global strategy and our efforts to broaden our sales and marketing channels have contributed to the positive result for the period. In our opinion, we are witnessing the beginning of an upturn in the economy, and this will continue improve the market conditions.

The total level of orders received, including support and ASP contracts, increased by 62 per cent for the period and the level of orders received amounts to SEK 390 million for the previous four quarters. The level of orders received for the previous three quarters is higher than any other 12-month period in the company's history.

The sale of new systems is the foundation of our business model, and the subsequent upgrades, licensing revenues and support agreements are often more profitable than initial sales.

We also achieved positive levels of operating income for the first quarter of 2004. Such an achievement has been made during a period of high growth and in spite of our major investments in product development and in establishing global market channels.

The strong level of orders received provides us with a considerably improved position regarding 2004 compared with the previous year. The order backlog at the end of the first quarter 2004, amounting to SEK 212 million, is an increase of 78 per cent compared with the equivalent period in 2003. Therefore, we believe that the premises for the company for 2004 are significantly better than for 2003. We also have a positive view regarding the possibilities for Teligent to develop better than the market in 2004.

Operations

A large part of our focus has continued to be directed towards the expansion of the global sales and distribution channels.

As a reference, during the first quarter of 2004 we were able to add a major breakthrough order from a leading operator in Asia. The business transaction was made within Mass Calling and is a direct result of the acquisition of Telspec's business area for network services. Regional sales, either directly or via sales channels, now take place in Western Europe, Eastern Europe, USA, South America, Africa, the Middle East, Asia and Russia, after having previously been focused primarily on Western Europe. A large portion of the strong level of orders received during the first quarter 2004 came from regions outside Europe where Teligent has not previously been active.

Significant orders were taken, or deliveries were in progress, within a number of strategic areas during the first quarter. The following areas can be mentioned:

- *Mobile Pre-Paid,*
- *Expansions within Mobile Pre-Paid such as Real-Time Charging Gateway enabling operators to offer prepaid services within MMS and GPRS*
- *Messaging systems, voice mail and additional functionality*
- *Mobile data and SMSC solutions*
- *Solutions for opening the telecommunications network for content providers*
- *IN-solutions such as VPN and various call control services*
- *Mass Calling and Tele Voting system*

The company's product portfolio is based on the Teligent P90/E platform. The further development of the platform and applications on the platform continued within a number of strategic areas.

First quarter

Orders Received

Orders received for the period increased by approximately 62 per cent to SEK 118.4 (73.0) million.

As at the end of the period the order backlog amounted to SEK 211.7 (119.1) million, of which support and ASP contracts accounted for SEK 106.4 (83.1) 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 period amounted to SEK 93.9 (51.3) million, equivalent to an increase of approximately 83 per cent. Of net sales, SEK 25.7 (21.8) million refers to income from ASP and support agreements.

Net sales by geographical market are reported on the following page.

Income and gross margin

Operating income for the period amounted to SEK 5.5 (-15.1) million and income after financial items amounted to SEK 5.8 (-11.6) million. The gross margin amounted to 48.9 (40.6) per cent. Income during the first quarter 2004 was positively affected by SEK 6.2 (7.1) million on the basis of capitalising development expenses.

Tax

The Parent Company has an assessed tax deficit of approximately SEK 161.1 million, of this deficit SEK 16.1 million has been settled against deferred tax liabilities.

Financial position, cash flow and investments

As per 31 March 2004, consolidated equity amounted to SEK 206.3 (311.3) million and the equity/assets ratio is 63 (78) per cent.

Disposable liquid assets, excluding unutilised credit facilities, amounted to SEK 19,3 (208.6) million as per 31 December. Cash flow after investments amounted to SEK -17,4 (-22.9) million. Investments for the period amounted to

SEK 9.8 (9.5) million, of which investments in intangible assets amounted to SEK 8.2 (7.1) and in tangible fixed assets amounted to SEK 1.6 (2.4) million.

Personnel

The number of employees in the Group increased by 5 during the period to 279 (226), of which 172 (161) in Sweden.

General Meeting of shareholders

The Annual General Meeting of shareholders was held on 30 March 2004. Per Wejke (Chairman), Anders Björkman, Olle Isberg, Bengt Jørgensen, Mikael Karlsson Lars-Erik Nilsson and Pekka Peltola were re-elected to the new Board of Directors. The general meeting passed a resolution in favour of the Board of Directors' proposal that no share dividends would be issued for 2003.

Furthermore, the general meeting resolved to appoint a Nomination Committee comprised of Board members Olle Isberg and Mikael Karlsson and Caroline af Ugglas (Skandia), Björn Lind (SEB) and Mats Karlsson. Further information regarding the resolutions passed can be found in the press release dated 31 March, which is available on Teligent's website.

Forecast for 2004

The company refrains from presenting a forecast for 2004.

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 the Financial Accounting Standards Council's recommendation RR 20 Interim Financial Reporting.

In all other respects, the same accounting principles and calculation methods have been applied in this interim report as those applied in the most recent annual report.

Forthcoming reports

Interim report for January - June 2004,
16 July 2004

Interim report for January - September 2004,
22 October 2004

Year-end report 2004, 4 February 2005

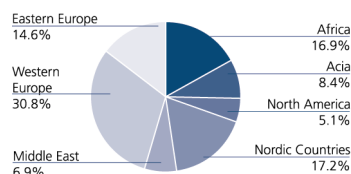
Nynäshamn, 29 April 2004

Ulf Lindstén

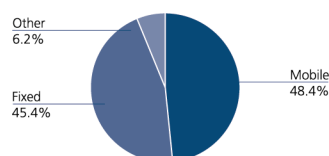
President and CEO

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

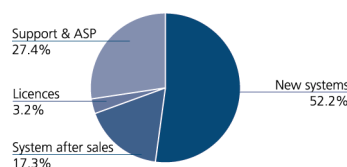
Net sales per market Jan-March 2004



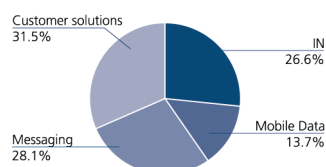
Net sales per market segment Jan-March 2004



Net sales distribution Jan-March 2004



Classification of systems sales Jan-March 2004



Consolidated income statement

Amounts in SEK millions	Jan-March 04 (3 months)	Jan-March 03 (3 months)	Jan-Dec 03 (12 months)
Net sales	93.9	51.3	254.8
Costs for goods sold	-48.0	-30.4	-144.4
Gross income	45.9	20.9	110.4
Sales expenses	-20.5	-16.6	-69.2
Administration expenses	-15.3	-13.4	-63.0
Development expenses	-6.6	-7.7	-26.5
Items affecting comparability ¹⁾	-	2.6	-
Other operating income/expenses	2.0	-0.9	-4.0
Operating income²⁾	5.5	-15.1	-52.3
Net financial items	0.3	3.5	8.1
Income after financial items	5.8	-11.6	-44.2
Tax	-	-	-0.5
Net income for the period	5.8	-11.6	-44.7
Net income per share, before dilution	0.37	-0.59	-2.42
Net income per share, after dilution	0.37	-0.59	-2.42
Number of shares, before dilution	15 685 619	19 554 138	18 437 121
Number of shares, after dilution	15 685 619	19 554 138	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 income in the amount of SEK -6.5 (-4.4) million, with SEK -3.9 (-1.0) million referring to intangible fixed assets and SEK -2.6 (-3.4) million referring to tangible fixed assets.

Consolidated balance sheet

Amounts in SEK million	31 March 04	31 March 03	31 Dec 03
Goodwill	38.4	27.0	40.2
Capitalised expenses for product development	35.6	7.1	29.4
Other fixed assets	21.8	27.8	23.6
Inventories	7.4	4.5	6.2
Current receivables	203.2	125.4	178.4
Short-term investments	8.0	179.7	23.5
Cash and bank balances	11.3	28.9	13.2
Total assets	325.7	400.4	314.5
Equity	206.3	311.3	200.0
Current liabilities	119.4	89.1	114.5
Total equity and liabilities	325.7	400.4	314.5
Pledged assets	15.0	10.0	20.8
Contingent liabilities	12.6	12.6	8.4

Changes in consolidated equity

Amounts in SEK million	31 March 04	31 March 03
Opening equity at 31 December according to adopted balance sheet	200.0	323.1
Change in exchange differences	0.5	-0.2
Net income from the period	5.8	-11.6
Amount at end of period	206.3	311.3

Consolidated cash flow statement

Amounts in SEK million	Jan-Mar 04 (3 months)	Jan-Mar 03 (3 months)	Jan-Dec 03 (12 months)
Cash flow from operating activities	13.5	-7.4	-22.0
Changes in working capital	-21.1	-6.0	-34.8
Investments	-9.8	-9.5	-59.5
Cash flow after investment activities	-17.4	-22.9	-116.3
Financing activities	-	-	-78.5
Cash flow for the period	-17.4	-22.9	-194.8
Liquid funds at beginning of period	36.7	231.5	231.5
Liquid funds at end of period	19.3	208.6	36.7

Key Ratios

Amounts in SEK million	31 Mar 04 (3 months)	31 Mar 03 (3 months)	31 Dec 04 (12 months)
Gross margin, %	48.9	40.6	43.3
Operating margin, %	5.9	-29.4	-20.5
Depreciation/amortisation	9.8	4.4	22.8
Equity/assets ratio, %	63.0	78.0	64.0
Investments	9.8	9.5	59.4
Number of employees at end of period	279	226	274

Data per share

Amounts in SEK million	31 Mar 04 (3 months)	31 Mar 03 (3 months)	31 Dec 03 (12 months)
Number of shares at end of the period	15 685 619	19 554 138	15 685 619
Average number of shares	15 685 619	19 554 138	18 437 121
Net income per share	0.37	-0.59	-2.42
Net income per share after full dilution	0.37	-0.59	-2.42
Equity per share	13.22	15.92	12.75
Equity per share after full dilution ¹⁾	13.22	15.92	12.75

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 March 2004, multiplied by the number of shares in the company, thereby resulting in an aggregate value of the shares of approximately SEK 394 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 31 March 2004, 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. To calculate the net income per share after full dilution for the period 1 January - 31 March 2004 and equity per share after full dilution as of 31 March 2003, the number of shares has not increased.

Quarterly data

Amounts in SEK million	Q1/04	Q4/03	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02	Q2/02	Q1/02
Orders received	118.4	105.0	123.4	43.1	73.0	53.1	35.8	62.4	59.4
Net sales	93.9	91.5	54.9	57.1	51.3	83.1	70.8	46.7	49.1
Gross margin, %	48.9	35.4	55.4	46.8	40.6	53.4	46.6	40.1	44.9
Operating income	5.5	-19.4	-5.9	-11.9	-15.1	0.1	0.1	-81.2	-21.9

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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