

16 July 2004



Adding value to your network

Interim report, January – June 2004

High growth first six months gave positive result

- Orders received increased by 75% and amounted to SEK 203 (116) million.
- The order backlog at the end of the period amounted to SEK 206 (105) million, of which on-going ASP and support contracts accounted for SEK 117 (86) million.
- Net sales increased by 70% to SEK 184 (108) million.
- Income after tax amounted to SEK 1 (-20) million.
- Earnings per share amounted to SEK 0.04 (-1.04).
- Patents received for fundamental technology within 3G Service Networks.

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

The first six months of 2004 provide us with a feeling of confidence for the future. The level of orders received for the first six months have increased by 75 per cent compared with the previous year.

Our global sales and marketing establishment strategy combined with the upturn in the economy has continued to provide positive results.

During the first six months a number of important strategic breakthrough orders were secured in Asia, amongst other areas. The total level of orders received, including ASP and support agreements, amounts to SEK 431 million for the recent 12 month. This is a higher level than any other 12 month period in the company's history.

The order backlog at the end of the first six months of 2004 was SEK 206 million, which is an increase of 96 per cent compared with the first six months of 2003.

Operating income for the first six months of 2004 was slightly positive in a period of continued high growth. This despite continued major investments in production development and establishment of global market channels, which limits the profitability, but is necessary for a long-term strong position for the company.

The high level of orders received provides us with a solid position for the whole year and we believe that the premises for the whole year 2004 are considerably better than those for 2003.

Operations

Investments in the expansion of global sales and distribution channels continued.

A large portion of orders received during the first six months of 2004 came primarily from regions outside Europe where Teligent has not previously been active.

At the end of the first six months of 2004 we also completed deliveries in a number of regions outside Europe, for example in Asia, Africa, Russia, Latin America and the Middle East.

The company have during the period signed an agreement of extended credit limits with a new bank.

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.

Important orders were taken during the first six months, and deliveries were made, in a number of strategic product areas. The following areas can be mentioned:

- *Messaging systems, voice mail and additional functionality*
- *Mobile Prepaid,*
- *Mobile Data and SMSC solutions*
- *Mass Calling and Televoting systems*
- *Solutions for opening the telecommunications network for content providers*
- *IN-solutions such as Mobile VPN and various call control services*

During the period patents were granted in Europe and in China, as complements to the previous US patents, for methods used for the development of telecom network services. In our opinion these patents can be of great significant as it refers to fundamental technology within the "3G Service Network architecture" and the OSA/Parlay standard.

Second quarter

Orders received for the fourth quarter amounted to SEK 84.4 (43.1) million.

Net sales amounted to SEK 90.4 (57.1) million.

Income after net financial items amounted to SEK -5.2 (-8.7) million.

First six months

Orders received

Orders received for the period increased by 75 per cent to SEK 202.8 (116.0) million.

As at the end of the period the order backlog amounted to SEK 205.6 (104.9) million, of which support and ASP contracts accounted for SEK 116.5 (86.5) 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 184.2 (108.4) million, equivalent to an increase of approximately 70 per cent. Of net sales, SEK 52.9 (43.2) 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 0.4 (-27.0) million and income after financial items amounted to SEK 0.6 (-20.3) million. The gross margin amounted to 48.9 (43.9) per cent.

Tax

The Parent Company has an assessed tax deficit of approximately SEK 161.1 million, of this deficit SEK 17.9 million has been settled against deferred tax liabilities.

Financial position, cash flow and investments

As at 30 June 2004, consolidated equity amounted to SEK 200.6 (301.2) million and the equity/assets ratio is 57 (78) per cent.

Unappropriated liquid funds excluding

unutilised credit facilities at its disposal as per 30 June amounted to SEK 21.2 million. Cash flow after investments amounted to SEK -24.3 (-19.2) million.

Investments for the period amounted to SEK 18.9 (17.5) million, of which investments in intangible assets amounted to SEK 16.6 (14.0) and in tangible fixed assets amounted to SEK 2.3 (3.5) million.

Personnel

The number of employees in the Group increased by 17 during the period to 291 (229), of which 183 (160) in Sweden.

Parent Company

Net sales for the Parent Company amounted to SEK 25.6 (6.6) million. Income after financial items amounted to SEK -61.2 (-57.1) million. Unappropriated liquid funds, excluding unutilised credit lines, amount to SEK 7.7 (175.3) million. Investments amounted to SEK 1.0 (1.7) million.

Forecast for 2004

The company refrains from presenting a forecast.

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 RR20 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

Interim report for

January - September 2004, 22 October 2004

Year-end report 2004, 4 February 2005

Nynäshamn, 16 July 2004

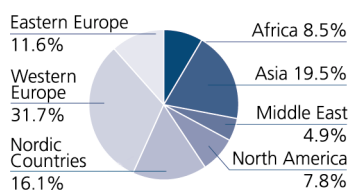
Ulf Lindstén

President and CEO

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

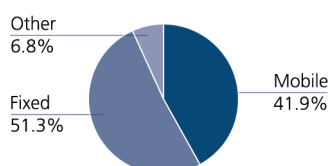
Net sales per market

Jan-Jun 2004



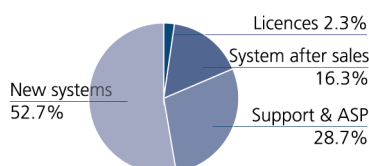
Net sales per market segment

Jan-Jun 2004



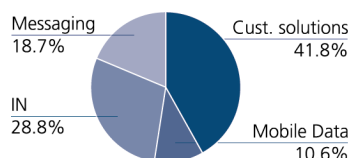
Net sales distribution

Jan-Jun 2004



Classification of systems sales

Jan-Jun 2004



Consolidated income statement

Amounts in SEK millions	Apr-Jun 04 (3 months)	Apr-Jun 03 (3 months)	Jan-Jun 04 (6 months)	Jan-Jun 03 (6 months)	Jan-Dec 03 (12 months)
Net sales	90,4	57,1	184,2	108,4	254,8
Costs for goods sold	-46,3	-30,4	-94,2	-60,9	-144,4
Gross income	44,1	26,7	90,0	47,5	110,4
Sales expenses	-19,2	-17,4	-42,2	-34,0	-69,2
Administration expenses	-15,4	-13,2	-29,8	-26,6	-63,0
Development expenses	-14,1	-8,5	-19,2	-16,1	-26,5
Items affecting comparability ¹⁾	-	1,6	-	4,1	-
Other operating income/expenses	-0,5	-1,0	1,6	-1,9	-4,0
Operating income²⁾	-5,1	-11,8	0,4	-27,0	-52,3
Net financial items	-0,1	3,1	0,2	6,7	8,1
Income after financial items	-5,2	-8,7	0,6	-20,3	-44,2
Tax	-	-	-	-	-0,5
Net income for the period	-5,2	-8,7	0,6	-20,3	-44,7
Net income per share, before dilution	-0,33	-0,45	0,04	-1,04	-2,42
Net income per share, after dilution	-0,33	-0,45	0,04	-1,04	-2,42
Number of shares, before dilution	15 685 619	19 554 138	15 685 619	19 554 138	18 437 121
Number of shares, after dilution	15 685 619	19 554 138	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.

Consolidated balance sheet

Amounts in SEK million	30 June 2004	30 June 2003	31 Dec 2003
Goodwill	36,5	26,0	40,2
Capitalised expenses for product development	41,1	14,0	29,4
Other fixed assets	20,9	25,6	23,6
Inventories	10,8	4,2	6,2
Current receivables	221,7	123,8	178,4
Short-term investments	7,2	159,6	23,5
Cash and bank balances	14,0	35,0	13,2
Total assets	352,2	388,2	314,5
Equity	200,6	301,2	200,0
Current liabilities, interest-bearing	27,7	-	-
Current liabilities, non-interest-bearing	123,9	87,0	114,5
Total equity and liabilities	352,2	388,2	314,5
Pledged assets	25,4	10,0	20,8
Contingent liabilities	6,8	12,6	8,4

The changes in pledged assets refers to mortgages in real estate and guarantees towards customers. Changes in contingent liabilities refers to a decrease in remaining royalty payments to NUTEK.

Changes in consolidated equity

Amounts in SEK million	30 June 2004	30 June 2003
Opening equity at 31 December according to adopted balance sheet	200,0	323,1
Redemption of shares	-	-1,0
Change in exchange differences	0,0	-0,6
Net income from the period	0,6	-20,3
Amount at end of period	200,6	301,2

Consolidated cash flow statement

Amounts in SEK million	Jan-Jun 04 (6 months)	Jan-Jun 03 (6 months)	Jan-Dec 03 (12 months)
Cash flow from operating activities before changes in working capital	14,0	-13,2	-22,0
Changes in working capital	-38,3	-6,2	-34,8
Investments	-18,9	-17,5	-59,5
Cash flow after investment activities	-43,2	-36,9	-116,3
Financing activities	27,7	-	-78,5
Cash flow for the period	-15,5	-36,9	-194,8
Liquid funds at beginning of period	36,7	231,5	231,5
Liquid funds at end of period	21,2	194,6	36,7

Key Ratios

Amounts in SEK million	30 June 04 (6 months)	30 June 03 (6 months)	31 Dec 03 (12 months)
Gross margin, %	48,9	43,9	43,3
Operating margin, %	0,2	-24,9	-20,5
Depreciation/amortisation	13,6	9,7	22,8
Equity/assets ratio, %	57	78	64
Investments	18,9	17,5	59,4
Number of employees at end of period	291	229	274

Data per share

Amounts in SEK million	30 June 04 (6 months)	30 June 03 (6 months)	31 Dec 2003 (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	0,04	-1,04	-2,42
Net income per share after full dilution ¹⁾	0,04	-1,04	-2,42
Equity per share	12,78	15,40	12,75
Equity per share after full dilution ¹⁾	12,78	15,40	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 June 2004, multiplied by the number of shares in the company, thereby resulting in an aggregate value of the shares of approximately SEK 470 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 per cent for Teligent's share and a risk-free interest rate of 3.00 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. 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 30 March 2004, the number of shares has not increased.

The Annual General Meeting of shareholders, held on 30 March 2004, resolved to issue a warrant programme comprising 400,000 warrants which entitle subscription to the same number of shares in Teligent AB. The employees of the Teligent Group were offered the opportunity to subscribe to these warrants, on the basis of market-based compensation in June. Full subscription will imply a dilution of a maximum of 2.5 per cent.

Quarterly data

Amounts in SEK million	Q2/04	Q1/04	Q4/03	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02	Q2/02
Orders received	84,4	118,4	105,0	123,4	43,1	73,0	53,1	35,8	62,4
Net sales	90,4	93,9	91,5	54,9	57,1	51,3	83,1	70,8	46,7
Gross margin, %	48,8	48,9	35,4	55,4	46,8	40,6	53,4	46,6	40,1
Operating income	-5,1	5,5	-19,4	-5,9	-11,9	-15,1	0,1	0,1	-81,2

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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Lars Alm, CFO, 08-520 660 16.



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