



Song Networks Holding AB

Interim Report

January 1 – June 30, 2004

Continued strong development of results and revenue growth

SECOND QUARTER 2004

- **Revenues**, SEK 633 million (SEK 581 million the corresponding period the previous year)
- **Net result** , SEK 94 million (58)
- **Result per share**, SEK 1.69 (1.05)
- **Gross profit before depreciation**, SEK 315 million (253), 49.7% (43.5)
- **EBITDA**, SEK 80 million (26)
- **EBIT**, SEK 23 million (-17)
- **Cash flow**, SEK -26 million (9)

JANUARY - JUNE 2004

- **Revenues**, SEK 1,228 million (SEK 1,160 million the corresponding period the previous year)
- **Net result** , SEK 114 million (20)
- **Result per share**, SEK 2.05 (0.40)
- **Gross profit before depreciation**, SEK 606 million (500), 49.3% (43.1)
- **EBITDA**, SEK 148 million (40)
- **EBIT**, SEK 38 million (-61)
- **Cash flow**, SEK -148 million (296)
- **Liquid assets** SEK 526 million (560) at the end of the period, including restricted cash. Financial net cash SEK 397 million (423)

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 solutions 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 solution with respect to both price and performance. Song Networks is today the only pan-Nordic operator investing in access networks with broadband capacity to companies. 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 of up to 45 gigabit. Song Networks was founded in 1995 in Sweden and has 867 employees. The head office is located in Stockholm and there are a total of 23 offices located in the Nordic region. For further information, please visit our website at www.songnetworks.net

Song Networks' long-term ambition is to deliver an EBIT of 10-15% of revenues through a continued focus on high margin services based on the company's own infrastructure. This shall be made with maintained good financial stability and low risk exposure.

Market development

The market development during the second quarter has been characterized by continued tough competition within both voice and data services, resulting in further price erosion. TeliaSonera's and Telenor's increased focus on market initiatives that was communicated during 2003 has continued during the second quarter of 2004. The activities that Song has carried out have however turned out well and Song has kept a strong market position. Despite the tough competitive environment, Song Networks has been able to increase the data revenues in line with plan, from SEK 293 million the previous quarter to SEK 307 million (271 the corresponding period the previous year), an increase with 5% quarter on quarter. The voice services continued to develop better than plan and showed a growth of 8% from SEK 287 million to SEK 311 million (294) during the quarter. Corporate voice showed a growth of 2% quarter on quarter, from SEK 234 million to SEK 238 million. The increased corporate voice revenues are explained by a number of new customer wins. Reseller voice grew from SEK 45 million to SEK 60 million (67), partly due to subscriptions in Norway now being sold to end-users.

Song Networks' strongest growing service is IP VPN, with a revenue growth of 7% quarter on quarter and with 43% compared to the corresponding period previous year.

The ADSL wholesale model that is oriented towards the mass market is starting to take off, with 2,200 installed sites during the quarter. Despite the positive development in the wholesale business, the Internet revenues increased with only 2% due to heavy price pressure on Internet Access services.

Song's order intake during the second quarter has continued to be strong and indicates a continued growth. The growth is also supported by the fact that the number of installed sites is growing in a healthy way.

Song Networks' position as the number one challenger for IP VPN solutions in the Nordic countries is getting stronger, confirmed by IDC in their Nordic IP VPN report (December 2003). Song Networks' market share positions the company as the number two player in three out of four Nordic countries. Song Networks' market share in the respective countries was reported to 24% in Sweden, 20% in Finland, 16% in Norway and 13% in Denmark. IDC's expected market growth for IP VPN of approximately 60% in Sweden in 2003 was confirmed by PTS' (The National Post and Telecom agency) latest report.

During the second quarter of 2004, Song Networks has signed a number of large customer contracts, among which a contract with Vattenfall Försäljning Sverige regarding fixed-line telephony can be mentioned. Song Networks is becoming the new supplier to Vattenfall and its approximately 110,000 telephony customers. The agreement will run for 2 years and is estimated to be worth SEK 250 million.

In May, Song Networks' Finnish subsidiary and Maxisat, a Finnish digital TV provider, launched a new all-in-one broadband service in Finland. The new service is called Maxinetti and includes high-speed Internet access, a variety of multi-casted high quality TV channels and IP telephony that can be used simultaneously over one single xDSL interface, using a television screen or a PC as terminal device.

In June, Song Networks Finnish subsidiary announced that it had signed an agreement for interconnection of networks with CJS TransTeleCom, which enables Song Networks to provide a terrestrial fiber based communication service directly from London to Beijing through Russia. Song Networks can thereby provide its customers direct access to China through Russia, as an extension to its own fiber network. The service is the first in the market that utilizes fiber optic access from London to Beijing. Through diversified fiber routes and equipment the connection is provided fully protected.

During the quarter DHL, Scribona and Medborgarskolan have prolonged and extended their agreements with Song, which confirms their customer satisfaction and the competitiveness of Song. IT Norrbotten has through a public procurement chosen Song as supplier of black fiber. The intention is to sign the agreement during the third quarter. Further Glocalnet in Sweden has signed a frame agreement for Song's ADSL based wholesale service.

As of June 30, 2004 Song Networks had 14,267 (22,225) corporate customers, a decrease of 1,227 from the previous quarter. This is a planned development previously notified, resulting from the fact that the company is terminating unprofitable services. It is small customers with marginal sales per customer that are removed concurrently as the unprofitable services are terminated.

During the second quarter Song Networks continued to increase the number of customers to its important IP VPN service. At the end of the quarter Song Networks had 8,032 (4,914) IP VPN sites compared to 7,045 at the end of last quarter. The number of IP VPN customers was 1,275 (938) compared with 1,228 at the end of the previous quarter.

The number of directly connected sites was 25,255 (16,890). This represents an increase of 8,365 compared to the corresponding period the previous year and 3,258 the

previous quarter. The number of fiber sites at the end of the period amounted to 2,518 (2,129) compared to 2,459 at the end of the previous quarter. At the end of the period 15,004 (7,784) sites were connected through DSL, an increase of 7,220 from the end of the corresponding period the previous year and an increase of 3,471 from the previous quarter. 7,359 (6,610) sites were connected through leased lines, compared to 7,631 at the end of the previous quarter.

Revenue and result

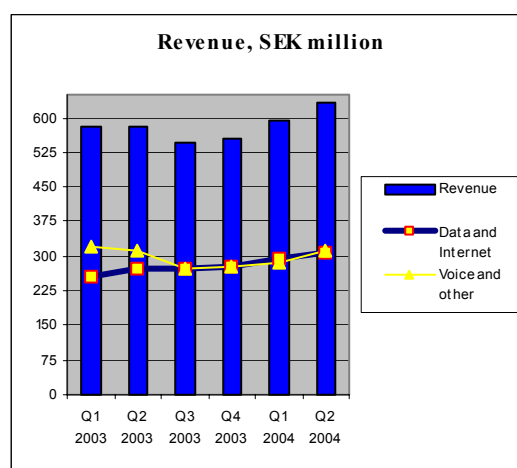
Financial information	2002	2002	2002	2002	2003	2003	2003	2003	2004	2004
SEK million	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2
Net revenues	590	559	581	595	579	581	546	554	594	633
Growth in net revenues, %	-5%	-5%	4%	3%	-3%	0%	-6%	1%	7%	7%
Gross profit before deprec.	237	228	244	252	247	253	259	284	291	315
Gross margin before deprec., %	40.1%	40.7%	42.0%	42.3%	42.7%	43.5%	47.3%	51.3%	49.0%	49.7%
SG&A	-284	-261	-260	-238	-233	-227	-224	-226	-223	-235
SG&A, %	-48%	-47%	-45%	-40%	-40%	-39%	-41%	-41%	-38%	-37%
EBITDA	-47	-33	-16	14	14	26	35	59	68	80
EBITDA, %	-8%	-6%	-3%	2%	2%	4%	6%	11%	11%	13%
Depreciation and amortization	-252	-253	-168	-163	-58	-43	-43	-46	-53	-57
EBIT	-299	-286	-184	-149	-44	-17	-9	13	15	23
EBIT, %	-51%	-51%	-32%	-25%	-8%	-3%	-2%	2%	3%	4%
Financial net	-23	-15	-186	50	3	2	1	4	1	-1
Result from associated companies.	1	2	1	-33	2	3	4	7	4	6
Non-recurring items (Items affecting comparability and Other income/expenses)	-15	-1 574	20	406	1	21	-1	-3	-	20
Taxes	-	-	-	-	-	50	-	-	-	47
Net result	-336	-1 873	-349	274	-38	58	-6	21	20	94

Capital expenditures	2002	2002	2002	2002	2003	2003	2003	2003	2004	2004
SEK million	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2
Investments, fiber network and equipment, net	133	124	43	81	40	72	62	96	122	57
Investments, subsidiaries/ associated companies	-16	-	-	-	100	-	-	-	-	-

Song Networks' revenues for the second quarter of 2004 were SEK 633 million (581), an increase of 9% from the corresponding quarter the previous year and an increase of 7% from the previous quarter. Revenues for the first six months of 2004 were SEK 1,228 million (1,160).

Revenues from data and Internet for the second quarter of 2004 were SEK 307 million (271), or 49% (47) of total revenues. Revenues from data and Internet have increased with SEK 14 million, 5%, compared with the previous quarter.

Revenues from Song Networks important IP VPN service continue to increase, and were SEK 135 million (95) for the quarter and SEK 262 million (179) for the six-month period.



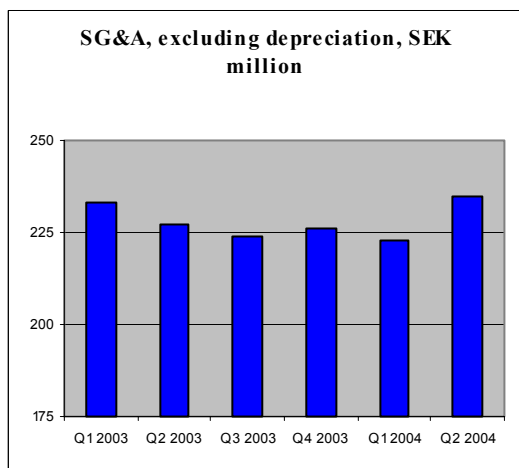
Revenues from Sweden accounted for 41% (37) of revenues for the six-month period, Finland 25% (26), Norway 20% (20) and Denmark 14% (17).

Gross profit before depreciation excluding items affecting comparability improved significantly compared to the corresponding period the previous year and amounted to SEK 315 million (253), which represents an increase of 25%. For the six-month period gross profit before depreciation amounted to SEK 606 million (500), representing an increase of SEK 106 million or 21%. Gross margin before depreciation for the second quarter was 49.7% (43.5). For the six-month period gross margin before depreciation was 49.3% (43.1).

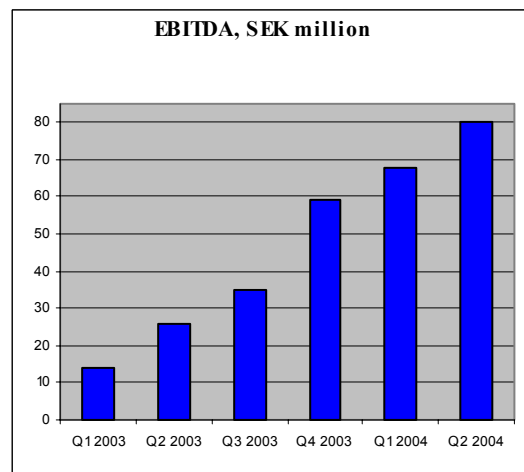
Compared to the previous quarter gross profit before depreciation has improved with SEK 24 million. Gross margin before depreciation has increased with 0.7 percentage points as a result of lower usage of leased lines to the benefit of own network infrastructure. The company is consciously working to decrease the number of leased lines to the benefit of its own network infrastructure, especially DSL.



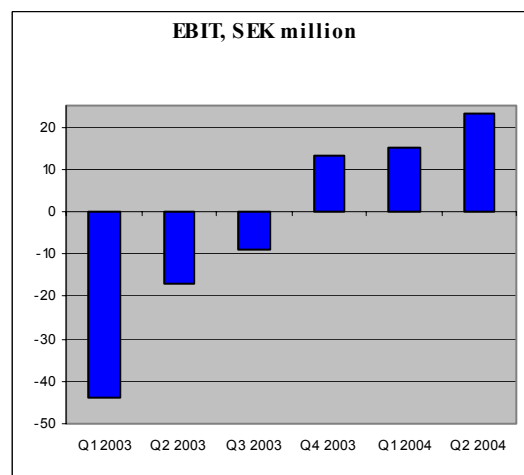
Selling and administrative expenses excluding depreciation (SG&A) excluding items affecting comparability were SEK 235 million (227) for the quarter. This represents an increase in absolute numbers from the previous quarter, but a decrease in percentage of revenues, to 37% of revenues, compared with 38% of revenues the previous quarter, or 39% the corresponding period the previous year. SG&A for the first six months of the year were SEK 457 million (460) or 37% (40).



Song Networks continue to show a very good development of operating results before depreciation and amortization (EBITDA), which for the second quarter amounted to SEK 80 million (26) excluding items affecting comparability, an increase from the previous quarter of SEK 12 million. This represents a margin of 13% compared to 4% the corresponding period the previous year. All countries show positive EBITDA results for the quarter. EBITDA for the first six months of the year was SEK 148 million (40), or 12% (3).



For the second quarter of 2004 Song Networks showed positive operating result before interest and tax (EBIT) of SEK 23 million (-17) excluding items affecting comparability, an increase of SEK 8 million from the previous quarter. This represents a margin of 4% compared with -3% the corresponding period the previous year. EBIT for the first six months of 2004 amounted to SEK 38 million (-61) or 3% (-5).



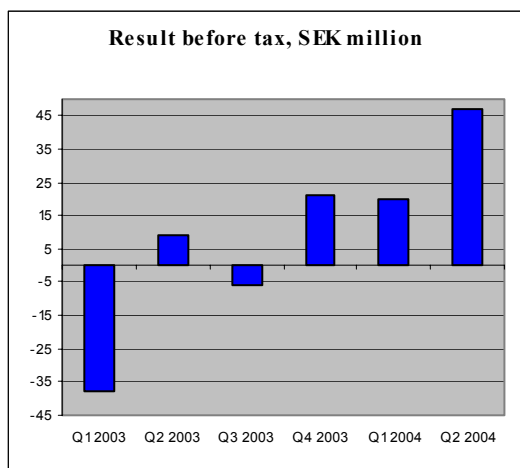
Items affecting comparability is no longer reported separately in the income statement, but is allocated to the respective lines in the income statement. These items have positively affected the quarter with SEK 19.3 million. The reversal of previously made reservations for the dispute with PNB Entreprenad AB has positively affected the result, at the same time as additional restructuring reserves for, among other

things, the liquidation of unprofitable hosting business in Norway, has negatively affected the result. Other income/expenses, net, were SEK 0.5 million (1.7) in the second quarter of 2004. Non-recurring items thereby totaled SEK 19.8 million the second quarter. There were no items affecting comparability for the first quarter, why the figure is the same for the first six months and the second quarter. For the six-month period other income/expenses, net were SEK 0.8 million (3).

The result from associated companies for the quarter was SEK 6 million (3), primarily pertaining to the Finnish company Corenet Oy. The result from associated companies for the first six months of the year was SEK 10 million (6).

For the second quarter of 2004, financial net excluding items affecting comparability was SEK -1 million (2) and for the six month period SEK 0 million (4).

Result before tax for the second quarter of 2004 was SEK 47 million (9) and was for the first six months of the year SEK 67 million (-30).



The net result for the second quarter of 2004 was SEK 94 million (58) and was for the six month period SEK 114 million (20). As companies, with significant tax losses, within the group are expected to generate positive results before tax, a deferred income tax recoverable of SEK 47 million was recorded in the second quarter of 2004 and has positively affected the result. A deferred income tax recoverable of SEK 50 million positively affected the result the corresponding quarter the previous year.

Cash flow

For the second quarter of 2004 Song Networks showed a cash flow of SEK -26 million (9). The cash flow from the first six months of the year was SEK -148 million (296).

Cash flow from operations contributed with SEK 38 million (85) the second quarter, and with SEK 42 million (23) for the six-month period. The company has a negative change in working capital due to a decrease of short-term liabilities during the period.

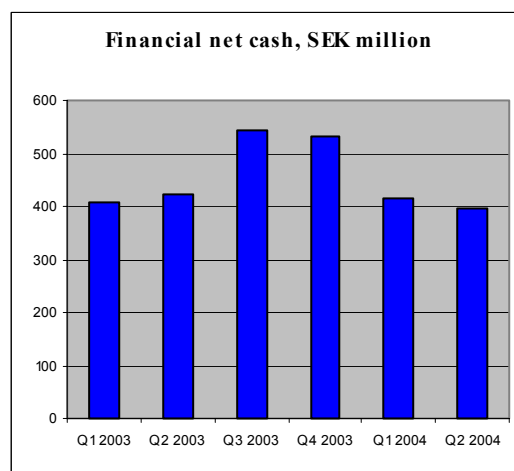
The cash flow for the first six months of the year has been affected by investments to increase the company's DSL

coverage, as well as to reduce the share of leased lines. Net cash capital expenditures amounted to SEK 57 million (72) during the quarter, resulting in a free cash flow of SEK -19 million (13). Net cash capital expenditures for the first six months of the year amounted to SEK 179 million (112), resulting in a free cash flow of SEK -137 million (-88).

The comparative figure for 2003 was positively affected with SEK 397 million by a new share issue.

Financial position

As per June 30, 2004, Song Networks had total liquid assets of SEK 526 million (including restricted cash) compared with SEK 560 million on June 30, 2003. Restricted cash amounted to SEK 46 million (45) as per June 30, 2004. Financial net cash was SEK 397 million (423) at the end of the quarter.



Song Networks has a substantial equity/asset ratio, which was 51.2% (46.4) at the end of the second quarter. The company's debt burden was eliminated through the financial restructuring that was concluded during the first six months of 2003, whereby the company's bond loans were converted to equity.

Capital expenditures

Historical cost for fixed assets amounted to SEK 7,340 million and the carrying value totalled SEK 1,515 million. Depreciation and amortization for the period were SEK 57 million (43) and for the first six months of the year SEK 111 million (101).

Personnel

Song Networks ended the second quarter 2004 with 867 employees, an increase of 26 from 841 the corresponding period the previous year. Compared to the previous quarter the number of employees has increased with 12 from 855.

Parent Company

Revenues for the parent company Song Networks Holding AB for the second quarter of 2004 were SEK 6 million

compared with SEK 4 million 2003. Result before tax was SEK 0 million (-5). Investments during the second quarter amounted to SEK 0 million (0).

Revenues for the parent company Song Networks Holding AB for the first six months of 2004 were SEK 10 million compared with SEK 7 million the corresponding period 2003. Result before tax was SEK 5 million (-19). Investments during the first six months amounted to SEK 0 million (0).

At the end of the second quarter the parent company's liquid assets were SEK 336 million compared with SEK 257 million at the end of the second quarter of 2003. The number of employees in the parent company at the end of the period was 11 (14).

Share data and largest shareholders

In total 55,767,828 shares were outstanding at the end of the quarter, whereof 3,412,645 preference shares.

Song Networks has convertible loans of originally SEK 97.9 million. As per June 30, 2004 SEK 2.3 million of this amount has been converted, representing 61,110 shares.

Distribution of shares in Song Networks Holding AB:

	6 months April 1-June 30, 2004	6 months April 1-June 30, 2003
Number of shares, at the end of the period	55,767,828	55,707,025
Average number of shares	55,732,331	49,289,833
Result per share, SEK	2.05	0.40

Largest shareholders as per June 30, 2004:

Stena Adactum AB	10.14%
JP Morgan Chase Bank	9.74%
State Street	6.05%
Dunross & Co AB	4.54%
Andra AP-fonden	3.51%
Banque Carnegie Luxembourg	2.66%
Goldman Sachs Int.	2.30%
Total largest shareholders	38.94%
Other	61.06%
Total	100%

Source: VPC

Management changes

In the end of May, 2004 Tomas Franzén resigned from his post as Chief Executive Officer and Managing Director of Song Networks Holding AB and its Swedish subsidiary. He continues to serve as a member of the Board of Song Networks Holding AB.

The Chairman of the Board of Song Networks Holding AB, Kjell Nilsson, has provisionally taken over as Chief Executive Officer. Mats Lundqvist, Deputy Managing

Director of the Swedish subsidiary, has taken over as Managing Director of the Swedish subsidiary and as Managing Director of Song Networks Holding AB.

Disputes

During the quarter the dispute with PNB Entreprenad AB was settled, resulting in a utilization of previously made reservations for this dispute.

Subsequent events

Following the end of the second quarter PTS (The National Post and Telecom agency) decided that TeliaSonera, Tele2 and Vodafone successively during four years should implement a cost based interconnection rate of calls in the mobile network in Sweden. This means a cost reduction for Song, but the earnings trend is dependent on the development of the end-user prices. Vodafone has appealed the decision and they have also asked for a postponement of the lowering of prices until a court has settled the matter. PTS has also determined SMP (significant market power) duties for Song, within the fixed network in Sweden. PTS's decision means that Song has the right to charge an interconnection fee in level with that of TeliaSonera, according to the new cost calculation model used by PTS. This will lead to a decrease of Song's interconnection revenues. Song has appealed this decision.

Accounting principles

The interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's Recommendation on Interim Reporting (RR 20). Song Networks has applied the same accounting principles that were detailed in the 2003 annual report, with the exception of "Items affecting comparability" now included in the respective lines in the income statement and no longer specified separately in the income statement. Applicable comparable figures have been recalculated. As of January 1, 2004 the recommendation on Remuneration to employees (RR 29) is applied.

Within the Song Networks group there are only contribution-based pension schemes or benefit-based pension schemes that cover several employers and where currently there is insufficient information to present these as benefit defined. In the future, when Alecta is able to present the necessary information, these schemes will be reported as benefit defined.

Prospects for 2004

The market is characterized by continued strong competition and corresponding price pressure. Song Networks will focus on profitable business and a tight cost control. For the current year, revenue as well as EBITDA is expected to continually improve compared with 2003.

Every possibility to further reduce Song Networks' costs going forward will be scrutinized. 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 350 million for 2004, in line with previous estimates.

Notwithstanding this, Song Networks' ability to generate positive results 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 10, to present the second quarter 2004 result and answer questions. Mats Lundqvist (Managing Director), Joachim Jaginder (CFO) and Kjell Nilsson (Chairman of the Board and temporary CEO) will host the conference. Dial in number: European participants please call +44 (0) 20 7162 0184 and US participants +1 334 323 6203 (toll free). Quote: Song Networks

Instant replay will be available from August 10, directly after the conference call is finished, until August 17. To listen, please dial: European participants please call +44 (0) 20 8288 4459, access code: 488852, US participants US+1 334 323 6222, access code: 488852.

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

An English translation of Song Networks' 2003 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 interim reports are also available on Song Networks' website: www.songnetworks.net

Song Networks Holding AB's third quarter 2004 interim report will be released on November 9, 2004.

Stockholm August 10, 2004

On behalf of the Board of Directors of Song Networks Holding AB

Mats Lundqvist
Managing Director

Consolidated income statement

	3 months April 1 – June 30		6 months Jan 1 – June 30		12 months Jan 1 – Dec 31
	2004 SEK '000	2003 SEK '000	2004 SEK '000	2003 SEK '000	2003 SEK '000
Operating revenues	633 488	581 068	1 227 619	1 160 425	2 260 864
Cost of services sold	-342 952	-351 633	-690 826	-720 300	-1 339 368
Gross profit	290 536	229 435	536 793	440 125	921 496
SG&A	-247 339	-342 602	-478 734	-597 490	-1 078 464
Other income/expenses, net	496	116 907	762	117 798	117 246
Result from participation in associated companies	5 520	3 309	9 756	5 561	15 932
Operating result	49 213	7 049	68 577	-34 006	-23 790
Financial net	-2 274	1 682	-1 323	4 337	9 270
Result before tax	46 939	8 731	67 254	-29 669	-14 520
Income tax benefit/expenses	47 097	49 540	47 097	49 540	49 540
Net result	94 036	58 271	114 351	19 871	35 020
Depreciation/amortization & impairment charges included in operating result	-57 357	-43 264	-110 761	-101 412	-191 120
EBITDA					
- SEK '000	80 062	26 097	148 328	40 046	133 374
- %	12,6%	4,5%	12,1%	3,5%	5,9%
Result per share (SEK)					
before dilution	1,69	1,05	2,05	0,40	0,66
after dilution	1,62	1,00	1,97	0,38	0,63
Weighted average of outstanding shares					
before dilution	55 744 092	55 537 587	55 732 331	49 289 833	53 100 109
after dilution	58 194 314	58 048 612	58 182 553	51 800 858	55 603 885
Number of shares outstanding					
before dilution	55 767 828	55 707 025	55 767 828	55 707 025	55 714 274
after dilution	58 218 050	58 218 050	58 218 050	58 218 050	58 218 050

Note 1

Items affecting comparability, net	19 296	19 170	19 296	19 170	15 948
Total	19 296	19 170	19 296	19 170	15 948
- whereof in					
Cost of services sold	25 764	-	25 764	-	-
SG&A	-5 272	-96 000	-5 272	-96 000	-99 222
Other income/expenses, net	-	115 170	-	115 170	115 170
Financial net	-1 196	-	-1 196	-	-

Consolidated balance sheet

	June 30 2004 SEK '000	June 30 2003 SEK '000	Dec 31 2003 SEK '000
ASSETS			
Fixed assets			
Intangible fixed assets	35 063	47 067	37 214
Tangible fixed assets	1 514 609	1 373 371	1 444 070
Financial fixed assets	142 100	88 009	96 488
Total fixed assets	1 691 772	1 508 447	1 577 772
Current assets			
Inventories	24 250	27 194	16 207
Current receivables	600 038	775 196	713 520
Cash and bank balances	526 106	560 424	672 460
Total current assets	1 150 394	1 362 814	1 402 187
TOTAL ASSETS	2 842 166	2 871 261	2 979 959
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	1 545 461	1 638 904	2 164 202
Accumulated deficit	-91 693	-307 220	-833 645
Total equity	1 453 768	1 331 684	1 330 557
Provisions	190 948	248 063	204 129
Long-term liabilities			
Interest-bearing liabilities	118 789	128 223	126 649
Non-interest-bearing liabilities	49 193	46 945	51 476
Short-term liabilities			
Interest-bearing liabilities	10 358	8 941	15 008
Non-interest-bearing liabilities	1 019 110	1 107 405	1 252 140
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 842 166	2 871 261	2 979 959

Consolidated cash flow

	3 months April 1 – June 30		6 months Jan 1 – June 30		12 months Jan 1 – Dec 31
	2004 SEK '000	2003 SEK '000	2004 SEK '000	2003 SEK '000	2003 SEK '000
Net cash from operating activities before changes in working capital	95 145	32 807	164 931	42 795	141 296
Changes in working capital	-57 227	52 315	-122 962	-19 338	45 542
Net cash from operating activities	37 918	85 122	41 969	23 457	186 838
Investments in networks and equipment, net	-56 909	-71 633	-178 557	-111 787	-269 849
Free cash flow	-18 991	13 489	-136 588	-88 330	-83 011
Acquisitions/sale of subsidiaries and associated entities	-	-	-	439	115 609
Net cash from investment activities	-56 909	-71 633	-178 557	-111 348	-154 240
Net cash from financing activities	-6 851	-4 763	-10 959	383 513	378 919
Net increase (decrease) of cash	-25 842	8 726	-147 547	295 622	411 517
Cash, beginning of period	553 042	551 363	672 460	265 751	265 751
Effect of exchange rate changes on cash	-1 094	335	1 193	-949	-4 808
Cash, end of period	526 106	560 424	526 106	560 424	672 460

Change in shareholders' equity

	6 months Jan 1 – June 30		12 months Jan 1 – Dec 31
	2004 SEK '000	2003 SEK '000	2003 SEK '000
Shareholders' equity, opening balances	1 330 557	765 098	765 098
New share issue	2 089	630 985	631 277
Cost, new share issue	-	-64 966	-65 086
Translation adjustment, net	6 771	-19 304	-35 752
Net result	114 351	19 871	35 020
Shareholders' equity, closing balances	1 453 768	1 331 684	1 330 557

Key ratios

	6 months Jan 1 – June 30		12 months Jan 1 – Dec 31
	2004 SEK '000	2003 SEK '000	2003 SEK '000
Gross margin before depreciation, %	49.3%	43.1%	46.1%
Gross margin, %	43.7%	37.9%	40.8%
Selling and administrative expenses before depreciation (SG&A), %	-37.3%	-39.6%	-40.2%
EBITDA, %	12.1%	3.5%	5.9%
EBIT, %	3.1%	-5.3%	-2.6%
Operating margin, %	5.6%	-2.9%	-1.1%
Profit margin, %	5.5%	-2.6%	-0.6%
Return on average capital employed, %	4.9%	-2.0%	-0.1%
Return on average shareholders' equity, %	8.2%	1.9%	3.3%
Capital employed, SEK million	1 583	1 469	1 472
Equity/asset ratio, %	51.2%	46.4%	44.7%
Shareholders' equity per share, SEK	26	24	24
Financial net debt (-)/ net cash (+), SEK million	397	423	531
Debt/equity ratio	0.1	0.1	0.1
Interest coverage ratio	12.2	-4.0	-0.2

Geographical markets

	Sweden		Finland		Norway		Denmark	
SEK '000	2004 6 months	2003 6 months	2004 6 months	2003 6 months	2004 6 months	2003 6 months	2004 6 months	2003 6 months
Total sales	506 687	424 876	308 909	303 036	242 356	228 273	169 667	204 240
Result before financial net	73 358	-138 809	19 185	24 997	-14 231	-19 209	-8 603	-12 146

Statistics

	2003 Q 1	2003 Q 2	2003 Q 3	2003 Q 4	2004 Q 1	2004 Q 2
Revenue split ('000)						
<i>Data communication</i>						
IP VPN	84 412	94 554	98 275	106 522	126 088	135 419
Internet Access	92 926	91 996	87 713	88 954	88 704	90 787
Capacity sales	39 427	44 330	48 346	40 587	43 884	48 962
Hosting	17 559	17 254	17 531	17 800	16 389	15 937
Other data	22 488	22 525	19 466	26 325	17 475	16 187
Data communication, total	256 812	270 659	271 331	280 188	292 540	307 292
% of total sales	44%	47%	50%	51%	49%	49%
<i>Voice</i>						
Fixed voice	220 421	218 610	210 800	223 043	233 896	238 327
Reseller voice	71 152	67 282	44 283	33 912	44 880	60 461
Mobile voice	8 833	8 023	8 046	8 254	9 152	12 216
Voice, total	300 406	293 916	263 129	265 209	287 928	311 004
% of total sales	52%	50%	48%	48%	49%	49%
<i>Other</i>						
Other, total	22 139	16 494	11 604	8 978	13 663	15 193
% of total sales	4%	3%	2%	1%	2%	2%
Total sales	579 357	581 068	546 064	554 375	594 131	633 488
Corporate customers						
<i>Data communication</i>						
- whereof IP VPN	839	938	968	1 072	1 228	1 275
- whereof Internet Access	5 198	5 200	5 002	5 068	5 153	5 109
- whereof capacity sales	40	42	43	73	78	92
- whereof Hosting	3 150	3 117	2 995	3 015	2 849	2 860
- whereof other data	561	554	521	650	492	514
<i>Voice</i>						
- whereof fixed voice	14 364	13 970	13 907	8 301	6 521	6 026
- whereof reseller voice	24	23	20	19	21	28
- whereof mobile voice	960	980	963	963	947	767
<i>Other</i>	235	249	270	259	269	195
Corporate customers, total	22 624	22 225	22 103	17 193	15 494	14 267
Number of service connections						
- whereof IP VPN	6 089	6 438	6 947	7 368	8 148	9 147
- whereof Internet Access	6 938	6 920	6 978	7 314	9 188	11 867
- whereof capacity sales	515	555	545	572	573	595
- whereof other data	1 260	1 260	1 244	1 242	1 185	1 154
- whereof fixed voice	2 859	2 907	2 961	3 068	3 107	3 159
Number of service connections, total	17 661	18 080	18 675	19 564	22 201	25 922
Number of directly connected sites						
- whereof fiber	2 036	2 129	2 296	2 312	2 459	2 518
- whereof DSL	6 983	7 784	8 245	9 055	11 533	15 004
- whereof leased lines	6 425	6 610	6 686	7 107	7 631	7 359
- whereof radio	365	367	375	373	374	374
Number of sites, total	15 809	16 890	17 602	18 847	21 997	25 255
Number of IP VPN sites	4 489	4 914	5 437	6 351	7 045	8032
Employees, at the end of the period	828	841	831	846	855	867

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 average 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/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/ asset ratio, %

Equity divided by total asset.

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

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

Free cash flow

Cash flow from operating activities after investments to networks and equipment, net.

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 and items affecting comparability 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 and items affecting comparability.

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 financial net.

Service connections

A product/service that is connected to Song Networks through a fixed connection.

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 items affecting comparability, 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.

Corporate information

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