

4 February 2005



Adding value to your network

Year-end report 2004

High level of growth during the year

Income for the quarter was charged with non-recurring items in a total amount of approximately SEK 15 million.

- Net sales increased by 42.8% and amounted to SEK 363.8 (254.8) million.
- New orders were received during the year at a value of SEK 387.0 million. Net orders received amounted to SEK 361.0 (344.5*) million.
- The order backlog at the end of the period amounted to SEK 184.3 (187.1) million, of which on-going ASP and support contracts accounted for SEK 101.7 (101.5) million.
- Income after tax amounted to SEK -24.1 (-44.7) million. Operating income amounted to SEK -22.2 (-52.3) million.
- Earnings per share amounted to SEK -1.54 (-2.42)
- Income for the fourth quarter, SEK -24.8 million has been charged with non-recurring items in the total amount of approximately SEK 15 million. The cash flow after investments for the fourth quarter was positive in the amount of SEK 6.4 million after investments.
- The significant portion of deliveries of new systems, as well as the lower portion of licensing revenues in the fourth quarter resulted in a lower gross margin, compared with the previous quarter.
- A large number of significant breakthrough orders were received from important clients in Asia in 2004.

* Orders received in 2003 included one-off effects arising from the acquisition Telspec's network services business, in the amount of approximately SEK 23 million. Orders received for 2004 increased organically by 20% with adjustments for these one-off effects.

About Teligent

Teligent develops and markets advanced value added services for the telecommunications network. The services and applications offered by the company are based on the generic software platform Teligent P90/E. The company's solutions are currently utilised by a large number of leading operators, including BT, Cingular, MCI, T-mobile USA, Tele2, Telefónica, Telia and operators within the Vodafone Group. Teligent was founded in 1990 and has been listed on Stockholmsbörsen since 1999. With its head office in Nynäshamn, the company currently has offices in eleven countries around the world.

Teligent AB

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President's comments

For Teligent, 2004 has implied a global sales breakthrough. Net sales have increased to SEK 363.8 million from SEK 254.8 million. Net sales in growth regions outside Western Europe have considerably increased and represented 60% of the company's total new sales in 2004.

This sales success is a result of global marketing and an improved economic climate as regards our industry.

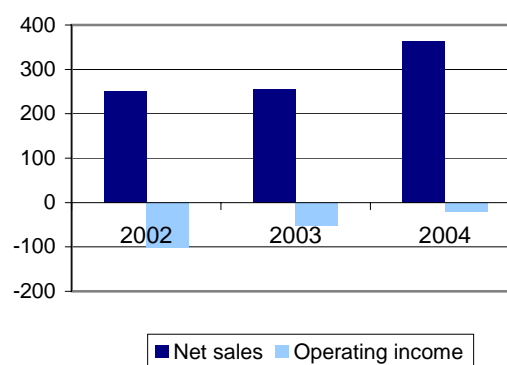
The company's global expansion and strong growth have, however, emphasised the need for enhanced administrative and financial control. Therefore, the company has been reorganised and strengthened its finance function in September, with a new CFO.

New orders, amounting to SEK 97.8 million, were received during the fourth quarter and the total amount of new orders received during the year amounts to SEK 387.0 million.

At the same time as the company incurred substantial expenses in 2004 due to its global establishment in, for example, Asia, operating income improved to SEK -22.2 million compared with SEK -52.3 million in 2003. Cash flow after investments for the fourth quarter was positive in the amount of SEK 6.4 million. At the same time, the deliveries during the fourth quarter were comprised, to a higher degree than during the third quarter, of new systems, which decreased the gross margin in the fourth quarter to 49.0%, compared with 67.7% in the third quarter. Furthermore, the company's results in the fourth quarter have been charged with non-recurring items, in the total amount of approximately SEK15 million, comprised of, amongst other things, restructuring costs, bad debt loss and renegotiated customer contracts.

Against the background of the breakthroughs achieved regionally, amongst other places, in Asia, but also in other growth regions, as well as in product segments, such as larger messaging systems, it is our assessment that the company is in a strong position to also be able to develop beyond market expectations in 2005, and that we can continue to improve the company's sales and results in 2005 in line with the trend seen in 2004.

Net sales and income trend, 2002 to 2004
(MSEK)



Operations

In 2004 the company's operations continued to be characterised by the expansion of sales and marketing channels.

Teligent established, in 2004, a strong footing in several new, geographical regions. On the basis of strategic orders from SingTel and Telecom Malaysia, amongst other orders, Asia has grown to become one of Teligent's most important markets. Our success in sales in growth countries in Africa also continued in 2004.

Teligent's product portfolio is based on the Teligent P90/E platform. The work to further develop this platform and applications on the platform has continued.

Included in the most important products during 2004 are:

- larger messaging systems (voicemail), where there was a high number of transactions as regards exchanges, upgrades and new network installations
- IN solutions in which the Mass Calling segment, contributed to a significant portion of the company's sales during the year.

Fourth quarter

New orders for the fourth quarter amounted to SEK 97.8 (105.0) million. After adjustments for, amongst other things, exchange rate effects, net orders received amounted to SEK 81.8 million.

Net sales amounted to SEK 97.4 (91.5) million.

Income after financial items amounted to SEK -23.8 (-18.9) million.

Income for the quarter was charged with non-recurring items in a total amount of approximately SEK 15 million.

Cash flow after investments for the quarter amounted to SEK 6.4 million.

Whole year 2004

Orders received

New orders for the year increased by 12.3 % and amounted to SEK 387.0 million. After adjustments for cancelled contracts and negative exchange rate effects totalling approximately SEK 26 million, net orders received amounted to SEK 361.0 (344.5*) million.

At year-end, the order backlog amounted to SEK 184.3 (187.1) million, of which, support and ASP contracts accounted for SEK 101.7 (101.5) million. Only those ASP and support contracts that are to be delivered within the next 12 months are reported in the order backlog.

** Orders received in 2003 included one-off effects arising from the acquisition Telspec's network services business, in the amount of approximately SEK 23 million. Orders received for 2004 increased organically by 20% with adjustments for these one-off effects.*

Net sales

Net sales for the year amounted to SEK 363.8 (254.8) million, corresponding to 42.8 percent. Of net sales, SEK 109.9 (97.9) million refers to income from ASP support contracts.

Gross margin and income

The gross margin amounted to 53.1 (43.3) percent. An increased sales volume, combined with a larger portion of standardised products and software, resulted in an improved gross margin.

Operating income for the year amounted to SEK -22.2 (-52.3) million and income after financial items amounted to SEK -23.1 (-44.2) million.

Income for the year was charged with non-recurring items in a total of approximately SEK 15 million.

Tax

The Group has an assessed fiscal deficit of SEK 289.0 million, of which SEK 268.2 is reported by the parent company. A total of SEK 26.0 million in deferred income tax liabilities, referring to temporary differences, has been settled against deferred income tax receivables, which have been calculated on this deficit and which have not been capitalised.

Financing, cash flow and investments

The Group's equity as per 31 December 2004 amounted to SEK 210.0 (200.0) million and the equity/assets ratio was 66 (64) percent. Liquid assets, excluding unutilised credit lines, amounted to SEK 17.4 (36.7) million as per 31 December 2004. In addition, the company had unutilised credit facilities amounting to SEK 47 million. Cash flow before investments amounted to SEK -20.4 (-56.8) million.

Investments for the year amounted to SEK 42.0 (59.4) million, of which SEK 34.9 (46.4) million refers to intangible assets and SEK 7.1 (13.0) million refers to tangible assets.

Personnel

The number of the employees in the Group increased by 18 individuals to 292 (274), of which 188 (168) are employed in Sweden.

The parent company

Net sales for the parent company amounted to SEK 78.3 (42.8) million. Income after financial items amounted to SEK -123.1 (-133.0) million. Liquid assets, excluding unutilised credit lines, amounted to SEK 7.6 (23.8) million. Investments amounted to SEK 7.2 (25.2) million.

Forecast for 2005

The company refrains from presenting a forecast.

Accounting principles

From 1 January 2004 Teligent will apply Swedish Financial Accounting Standards Council's recommendation RR 29 Employee Benefits (IAS 19). The new recommendation has not had any effect on the Group's income and financial position. Commitments for old-age pensions and family pensions in Sweden are insured, partly, on the basis of pension insurance with Alecta, in accordance with the statement URA 42 issued by the Swedish Financial Accounting Standards Council's Emerging Issues Task Force and are classified as defined benefit plans, covering a number of employers. As regards the financial year 2004, the company has not had access to the type of information which would make it possible to report these plans as defined benefit plans. The only other pension plans in the Group are defined contribution plans.

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20 Interim Financial Reporting.

In general, the same accounting principles and calculation methods as applied in the previous year's annual financial statements have also been applied in this year-end report.

Transition to IFRS – International Financial Reporting Standards

The financial year that has just ended is the last year in which Teligent will apply the recommendations of the Swedish Financial Accounting Standards Council. From financial year 2005, Teligent will apply, in its consolidated accounts, IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards) applicable to listed companies, as well as any other requirements arising from the regulations of the Swedish Annual Accounts Act.

Teligent will prepare an opening IFRS balance sheet as per 1 January 2004 for the Group in order to facilitate comparisons between the 2004 outcome and the 2005 outcome. Previously reported quarterly figures for 2004 will be recalculated in this opening balance sheet in order that comparisons can be made with the 2005 outcome.

As the company has previously stated, the transition from the current accounting principles to IFRS will not entail any significant changes. After the examination of IFRS standards performed by the company, the following points can be noted:

Differences between the company's current accounting standards and IFRS. Goodwill arising from the acquisition of assets and liabilities and from the acquisition of companies included in the consolidated balance sheet, will no longer be subject to annual amortisation. Each year, or when a write-down requirement arises in accordance with IAS 36 Impairment of Assets, goodwill items will be tested on the basis of a comparison of book value with recoverable value.

Quantitative examination of the most significant items in conjunction with the transition to IFRS.

The opening IFRS balance sheet as per 1 January 2004 does not deviate from the reported consolidated balance sheet as per 31 December 2003, as included in the Annual Report for 2003.

If IFRS had been applied this year, the following preliminary changes would have been made:

Group	MSEK
Consolidated income statement	2004
Income according to current accounting principles	-24,1
Reversal of amortisation of goodwill	7,4
Deferred tax	-2,1
Income according to IFRS	-18,8
Consolidated balance sheet	31 Dec 04
Goodwill	
According to current accounting principles	35,0
Reversal of amortisation of goodwill	7,4
According to IFRS	42,4
Deferred tax	
Change	2,1
Equity	
According to current accounting principles	210,0
Reversal of amortisation of goodwill	7,4
Deferred tax	-2,1
According to IFRS	215,3

Nominating committee

Teligent's nominating committee is comprised of Olle Isberg, Mikael Karlsson (LMK Industri), Caroline af Ugglas (Skandia Fonder), Björn Lind (SEB Fonder) and Mats Karlsson.

Proposals and views on behalf of the shareholders regarding the composition of the Board of Directors may be presented to the nominating committee via the President and CEO's assistant, Thérèse Tietjens, 08 520 660 50, or by email to therese.tietjens@teligent.se

Forthcoming reports

AGM of Shareholders, 7 Apr 2005

Interim Report for Jan - Mar 2005, 28 Apr 2005

Interim Report for Jan - Jun 2005, 15 Jul 2005

Interim Report for Jan - Sep 2005, 25 Oct 2005

Nynäshamn, 4 February 2005

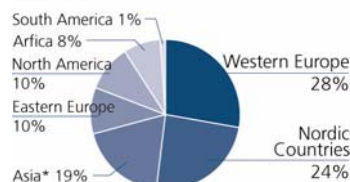
Ulf Lindstén

President and CEO

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

Net sales per market

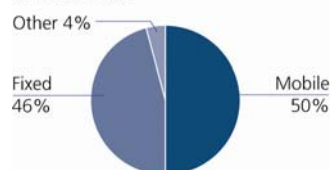
Jan-Dec 2004



* Middle East

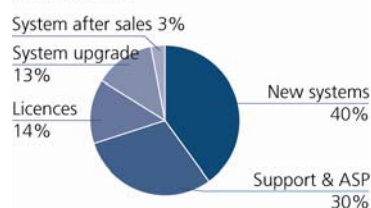
Net sales per market segment

Jan-Dec 2004



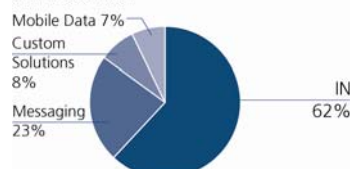
Net sales distribution

Jan-Dec 2004



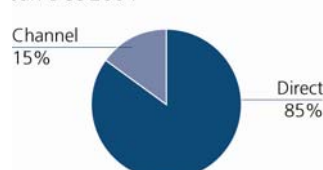
Classification of systems sales

Jan-Dec 2004



Direct and indirect sales

Jan-Dec 2004



Consolidated income statement

Amounts in SEK millions	Oct-Dec 04 (3 months)	Oct-Dec 03 (3 months)	Jan-Dec 04 (12 months)	Jan-Dec 03 (12 months)
Net sales	97,4	91,5	363,8	254,8
Costs for goods sold	-49,7	-59,1	-170,5	-144,4
Gross income	47,7	32,4	193,3	110,4
Sales expenses	-14,1	-14,1	-71,2	-56,9
Administration expenses	-18,4	-14,9	-69,0	-57,9
Development expenses	-22,0	-10,0	-56,6	-31,3
Other operating income/expenses	-16,5	-12,8	-18,7	-16,6
Operating income ^{1) 2) 3)}	-23,3	-19,4	-22,2	-52,3
Net financial items	-0,5	0,5	-0,9	8,1
Income after financial items	-23,8	-18,9	-23,1	-44,2
Tax	-1,0	-0,5	-1,0	-0,5
Net income for the period	-24,8	-19,4	-24,1	-44,7
Net income per share, before dilution ⁴⁾	-1,58	-1,24	-1,54	-2,42
Net income per share, after dilution ⁴⁾	-1,58	-1,24	-1,54	-2,42
Number of shares, before dilution ⁴⁾	15 685 619	15.685.619	15 685 619	18 437 121
Number of shares, after dilution ⁴⁾	16 085 619	15.685.619	16 085 619	18 437 121

- 1) Operating income for the fourth quarter and the entire year 2004 was charged with non-recurring items at a total of SEK 15 million for restructuring, bad debt losses and renegotiated customer contracts. Operating income for the quarter and entire year 2003 was charged with non-recurring items at a total of SEK 12.6 million for restructuring and bad debt losses.
- 2) Depreciation/amortisation is charged against operating income for the year in the amount of SEK 26.0 (22.8) million, with SEK 16.5 (4.8) million referring to intangible fixed assets and SEK 9.5 (18.0) million referring to tangible fixed assets.
- 3) To facilitate the yearly comparison, goodwill depreciations amounting to SEK 4.8 million have been transferred from Sales expenses to Development expenses.
- 4) The number of shares does not comprise the 3 179 123 shares that has been issued in the new share issue in progress, since these shares has been registered at the Swedish Companies Registration Office in January 2005.

Consolidated balance sheet

Goodwill	35,0	40,2
Capitalised expenditure for development work	56,9	29,4
Other fixed assets	21,2	23,6
Inventories	5,1	6,2
Current receivables	183,2	178,4
Current investments	0,1	23,5
Cash and bank balances	17,3	13,2
Total assets	320,3	314,5
Equity	210,0	200,0
Long-term liabilities, interest-bearing	8,7	-
Current liabilities, interest-bearing	2,4	-
Current liabilities, non-interest-bearing	99,2	114,5
Total equity and liabilities	320,3	314,5
Pledged assets	71,6	20,8
Contingent liabilities	5,2	8,4

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

Changes in consolidated equity

Amounts in SEK million	31 Dec 04	31 Dec 03
Opening equity at 31 December according to adopted balance sheet	200,0	323,1
New share issue in progress	32,5	-
Redemption of shares	-	-78,5
Issue of options	1,0	-
Change in translation differences	0,6	0,1
Net income for the period	-24,1	-44,7
Amount at end of period	210,0	200,0

Consolidated cash flow statement

Amounts in SEK million	Jan-Dec 2004 (12 months)	Jan-Dec 2003 (12 months)
Cash flow from operating activities	3,2	-22,0
Changes in working capital	-15,3	-34,8
Investments	-42,0	-59,4
Cashflow after investing activities	-62,4	-116,2
Financing activities	43,1	-78,5
Cash flow for the period	-19,3	-194,8
Liquid funds at beginning of period	36,7	231,5
Liquid funds at end of period	17,4	36,7

Key ratios

Amounts in SEK million	30 Dec 04 (12 months)	31 Dec 03 (12 months)
Gross margin, %	53,1	43,3
Operating margin, %	-6,1	-20,5
Depreciation/amortisation	26,0	22,8
Equity/assets ratio, %	65,6	63,6
Investments	42,0	59,4
Number of employees at end of period	292	274

Data per share

	31 Dec 04 (12 months)	31 Dec 03 (12 months)
Amounts in SEK		
Number of shares at end of period	15 685 619	15 685 619
Average number of shares	15 685 619	18 437 121
Net income per share	-1,54	-2,42
Net income per share after full dilution ¹⁾	-1,54	-2,42
Equity per share	13,39	12,75
Equity per share after full dilution ¹⁾	13,39	12,75

¹⁾ The Annual General Meeting of shareholders, held on 30 March 2004, resolved to issue a warrant program comprising 400,000 warrants entitling subscription to the same number of shares in Teligent AB. The employees in the Teligent Group were offered the opportunity to subscribe to these warrants on the basis of market-based compensation in June, whereby 202,100 warrants were subscribed.

Quarterly data

Amounts in SEK million	Q4/04	Q3/04	Q2/04	Q1/04	Q4/03	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02
Orders received	81,8	76,6	84,4	118,4	105,0	123,4	43,1	73,0	53,1	35,8
Net sales	97,4	82,2	90,4	93,9	91,5	54,9	57,1	51,3	83,1	70,8
Gross margin, %	49,0	67,7	48,8	48,9	35,4	55,4	46,8	40,6	53,4	46,6
Operating income	-23,2	0,7	-5,1	5,5	-19,4	-5,9	-11,9	-15,1	0,1	0,1

This document is, in all material respects, a translation of the Swedish report prepared in accordance with Swedish regulations. In the case of any differences between this document and the Swedish original, the Swedish original shall govern.

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
Ulf Lindstén, President, 08-520 660 00 or
Paul Hastings, CFO, 08-410 172 26.



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