29 April 2005

Teligent

Adding value to your network

Interim report, January – March 2005

Record level of orders received

- Orders received increased by 22 per cent and amounted to SEK 144.6 (118.4) million, 60 per cent higher than the average quarterly level (SEK 90.3 million) during 2004.
- The order backlog at the end of the period amounted to SEK 223.9 (211.7) million, of which on-going ASP and support contracts accounted for SEK 107.3 (106.4) million.
- Net sales amounted to SEK 105.0 (93.9) million, an increase of 12 per cent.
- Operating income amounted to SEK 5.6 (7.4) million.
- Income after tax amounted to SEK 4.6 (7.7) million.
- Earnings per share amounted to SEK 0.24 (0.44).
- Large, strategic orders from leading carriers in Southeast Asia.

About Teligent
Teligent is a global supplier of value added services to telecommunications carriers. The offering includes e.g. traditional and Next Generation Messaging and advanced IN solutions supporting data capabilities, such as Mobile Prepaid, Mobile VPN and Mass Calling. All solutions are based on the generic and patented service development platform, the Teligent P90/E. The company's solutions are currently utilised by leading telecom operators, for example BT, Cingular, MCI, SingTel, Telefónica, TeliaSonera, and members of the Vodafone group. With headquarter in Nynäshamn, Sweden; the company has offices in eleven countries around the world.

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President's comments

During the first quarter of 2005 orders received increased by 22 per cent compared to the corresponding period last year and amounted to SEK 144.6 million. This is 60 per cent higher than the average level of orders received per quarter in 2004, which was SEK 90.3 million.

Orders received during this first quarter, a period which is usually a weak, represent the highest level ever for the company. The amount of net sales, SEK 105.0 million, has been exceeded only in the first quarter of 2001, when the company reported a significant amount of extraordinary income.

We estimate that the level of orders received in the second quarter of 2005 will continue to be strong.

Teligent's growth and long-term profitability are driven by sales of new systems, which generate continuous support income and upgrading of capacity and function. Sales and delivery of new systems, not least to new customers in new regions, are however more demanding and have a lower level of initial profitability.

Teligent has achieved positive operating income for the first quarter of 2005, which means that we have now shown positive income in three of the five quarters since 1 January 2004. This achievement has been made despite continued considerable expenses both in product development and in expanding our global marketing channels.

Operations

Company management has continued to maintain a high level of focus on the expansion of global sales and distribution channels. Base organisations for deliveries have now been established in Europe, USA, Africa, the Middle East, Asia, and, to a certain extent, in Russia.

During the quarter, a large and strategic order was received from one of Southeast Asia's fastest growing carriers. The order includes basic installation of the Teligent P90/E service platform with a major licensing agreement for utilisation of Teligent's patented technology in the various types of networks of the carriers.

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.

The most important transactions, from a commercial point of view, in the last 12 months have taken place within the following areas:

- *Messaging systems/voicemail*
- *Payment solutions, including Service Delivery Platforms and Content/Charging Gateways.*
- *The Teligent P90/E base platform with development tools as a central "service network architecture" in the carriers' networks.*
- *Mobile IN and VPN solutions*

Teligent's very strong level of orders received involving complex and relatively large systems deliveries to the larger telecommunications carriers yields an increased level of tied-up capital.

First quarter 2005

Orders received

Orders received in the period amounted to SEK 144.6 million (118.4), equivalent to an increase of 22 per cent compared with the same period last year, and an increase of 77 per cent over the previous quarter. Currency exchange rates had a negative effect of 6 per cent on orders received compared with the first quarter 2004. With an unchanged exchange rate, orders received increased 28 per cent.

As of the end of the period, order backlog amounted to SEK 223.9 million (211.7), of which continuing support and ASP contracts accounted for SEK 107.3 million (106.4). 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 105.0 million (93.9), equivalent to an increase of 12 per cent. Of net sales, a total of SEK 27.0 million (25.7) referred to income for ASP and support contracts.

Gross margin and income

The gross margin amounted to 60 per cent (49). Increased volumes in combination with a larger number of standardised products and software have led to an improved gross margin.

Operating income for the period amounted to SEK 5.6 million (7.4) and income after financial items amounted to SEK 4.9 million (7.7). Earnings per share amounted to SEK 0.24 (0.44)

Tax

The Group reported a loss carry forward of SEK 372.7 million at the start of the year, of which SEK 353.7 million was reported by the Parent Company. Of this fiscal deficit, SEK 35.4 million has been settled against deferred income tax liabilities referring to temporary differences in the Group. The remaining value of deferred tax assets has not been capitalised.

Financial position, cash flow and investments

As of 31 March 2005, consolidated equity amounted to SEK 223.0 million (208.2) and the equity/assets ratio was 58 per cent (64). Liquid funds, excluding unutilised credit facilities, amounted to SEK 13.6 million (19.3) as of 31 March 2005. In addition, the company had unutilised credit facilities amounting to approximately SEK 22.9 million. Cash flow before investments amounted to SEK -9.0 million (-7.6).

Investments during the period amounted to SEK 17.4 million (9.8), of which intangible assets accounted for SEK 15.1 million (8.2) and tangible assets for SEK 2.3 million (1.6).

Personal

The number of employees in the Group increased by 13 during the period to 312 (279), of which 199 (172) in Sweden.

Accounting principles

From financial year 1 January 2005 the company will prepare its consolidated financial statements in accordance with IFRS and any other requirements arising from the regulations of the Swedish Annual Accounts Act.

This interim report is the first report that the company presents according to IFRS and is prepared in accordance with IAS 34 Interim Financial Reporting and the IFRS standards and the IFRIC interpretations which came into effect as of 31 March 2005. The IFRS standards and IFRIC interpretations that will be applicable as of 31 December 2005, including those that will be applied on an optional basis, are not known with certainty at the time of preparing this interim report .

Until 2004 the company applied the recommendations and statements of the Swedish Financial Accounting Standards Council. The transition to IFRS is reported in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards, for which the transition date is 1 January 2004. IFRS 1 prescribes that the comparative year 2004 is also to be reported according to IFRS. Financial information referring to previous financial years other than 2004 has not been recalculated.

Teligent has prepared an opening IFRS balance sheet as of 1 January 2004 for the Group in order to facilitate comparison between the 2004 and the 2005 outcomes. In conjunction with this, the reported quarterly figures for 2004 will be recalculated in order that comparison can be made with 2005 financials.

The changes in the accounting principles caused by this transition and the transitional effects on the consolidated income statement and balance sheet are presented at the end of this report, including the alternative exceptions from full retroactive application as stipulated in IFRS 1, as selected to be implemented by the company.

Forecast for 2005

The company refrains from presenting a forecast for the 2005.

Other Information

Annual General Meeting

The Annual General Meeting of shareholders was held on 7 April 2005. The Annual General Meeting resolved to authorise the Board of Directors to decide upon a new share issue of a maximum of 2 million new shares. The Annual General Meeting also decided upon the principles regarding the Election Committee for the forthcoming year.

The following individuals were re-elected to the new Board of Directors: Lars-Erik Nilsson (Chairman), Anders Björkman, Olle Isberg, Bengt Jörgensen, Mikael Karlsson and Pekka Peltola.

Forthcoming reports

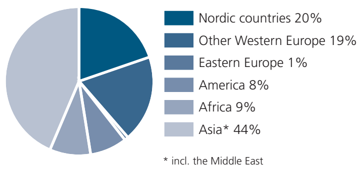
Interim report for Jan - Jun 2005, 15 Jul 2005
Interim report for Jan - Sept 2005, 21 Oct 2005

Nynäshamn, 29 April 2005

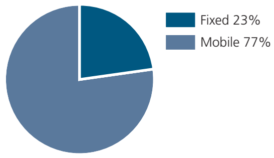
Ulf Lindstén
President and CEO

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

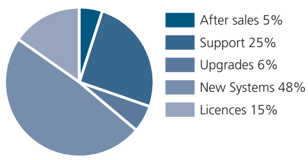
Net sales per market
Jan-March 2005



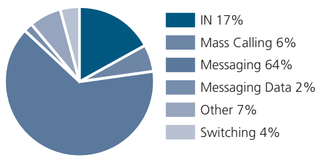
Net sales per type of carrier
Jan-March 2005



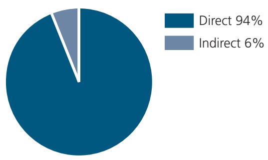
Distribution of net sales
Jan-March 2005



Sale by Product Group
Jan-March 2005



Net sales per sales channel
Jan-March 2005



Consolidated income statement

Amounts in SEK million	Jan-Mar 05 (3 months)	Jan-Mar 04 (3 months)	Jan-Dec 04 (12 months)
Net sales	105,013	93,9	363,8
Costs for goods sold	-42,286	-48,0	-170,5
Gross income	**62,7**	**45,9**	**193,3**
Sales expenses	-20,4	-18,6	-71,2
Administration expenses	-19,6	-15,3	-69,0
Development costs	-18,2	-6,6	-49,2
Other operating income/expenses	1,1	2,0	-18,7
Operating income/expenses [1)]	**5,6**	**7,4**	**-14,8**
Net financial items	-0,7	0,3	-0,9
Income after financial items	**4,9**	**7,7**	**-15,7**
Taxes	-0,3	0,0	-1,0
Net income for the period	**4,6**	**7,7**	**-16,7**
Net income per share, before dilution	**0,24**	**0,44**	**-0,95**
Net income per share, after dilution	**0,24**	**0,44**	**-0,95**
Average number of shares, before dilution	**18 863 162**	**17 486 290**	**17 520 240**
Average number of shares, after before dilution	**18 863 162**	**17 486 290**	**17 520 240**

1) Operating income has been charged against depreciation/amortisation in the amount of SEK -7.1 (-4.6) million, of which SEK -4.8 (-2.0) million refers to intangible fixed assets and SEK -2.3 (-2.6) million refers to tangible fixed assets.

Consolidated balance sheet

Amounts in SEK million	31 Mar 05	31 Mar 04	31 Dec 04
Property, plant and equipment	21,6	21,8	20,4
Goodwill	42,4	40,2	42,4
Capitalised expenses for product development	67,1	35,6	56,9
Other long-term receivables	0,8	0,0	0,8
Total fixed assets	**132,0**	**97,6**	**120,5**
Inventories	7,3	7,4	5,1
Current receivables	233,0	203,3	184,7
Cash and cash equivalents	13,6	19,3	17,4
Total current assets	**253,9**	**230,0**	**207,2**
Total assets	**386,0**	**327,6**	**327,7**
Equity	**223,0**	**208,2**	**217,4**
Long-term liabilities	**3,3**	**0,0**	**3,5**
Current liabilities	**159,7**	**119,4**	**106,8**
Total equity and liabilities	**386,0**	**327,6**	**327,7**

Consolidated statement of changes in equity

Amounts in SEK millions	31 Mar 05	31 Mar 04	31 Dec 04
Opening equity according to adopted balance sheet	217,4	200,0	200,0
New share issue	-	-	32,5
Received warrant premiums	-	-	1,0
Change in exchange differenses	1,0	0,5	0,6
Net income for the period	4,6	7,7	-16,7
Amount at the end of period	**223,0**	**208,2**	**217,4**

Consolidated cash flow statement

Amounts in SEK million	Jan-Mar 05 (3 months)	Jan-Mar 04 (3 months)	Jan-Dec 04 (12 months)
Cash flow from operating activities	11,1	13,5	2,5
Change in working capital	-20,1	-21,1	-19,4
Net cash from operating activities	**-9,0**	**-7,6**	**-16,9**
Investing activities	-17,4	-9,8	-45,4
Cash flow after investing activities	**-26,4**	**-17,4**	**-62,3**
Financing activities	22,2	-	43,2
Cash flow for the period	**-4,2**	**-17,4**	**-19,1**
Liquid funds at beginning of period	17,4	36,7	36,7
Exchange rate difference in cash and bank	0,4	-	-0,2
Liquid funds at end of period	13,6	19,3	17,4

Key Ratios

Amounts in SEK million	Jan-Mar 05 (3 months)	Jan-Mar 04 (3 months)	Jan-Dec 04 (12 months)
Gross margin %	59,7	48,9	53,1
Operating margin %	5,4	7,9	-4,1
Depriciation/amortization	7,1	4,7	18,6
Equity/assets ratio %	58	64	66
Investments	17,4	9,8	45,9
Number of employees at end of period	312	279	299

Data per share

Amounts in SEK	Jan-Mar 05 (3 months)	Jan-Mar 04 (3 months)	Jan-Dec 04 (12 months)
Number of shares at end of the period	18 863 162	15685619	15685619
Average number of shares	18 863 162	15685619	15685619
Net income per share	0,24 kr	0,37 kr	-1,38 kr
Net income per share after full dilution[1)]	0,24 kr	0,37 kr	-1,38 kr
Equity per share	11,82 kr	13,22 kr	13,39 kr
Equity per share after full dilution[1)]	11,82 kr	13,22 kr	13,39 kr

1) The outstanding warrants do not result in any dilution effect as the subscription price exceeds the average share price for the period.

Quarterly data

Amounts in SEK million	Q1/05	Q4/04	Q3/04	Q2/04	Q1/04
Orders received	144,6	81,8	76,6	84,4	118,4
Net sales	105,0	97,4	82,2	90,4	93,9
Gross margin, %	59,7	49,0	67,7	48,8	48,9
Operating income	5,6	-21,5	2,6	-3,3	7,4

Effects of transition to reporting according to IFRS

Effects on consolidated income statement

Amounts in SEK million	Jan-Mar 2004	Jan-Dec 2004
Net income before IFRS	5,8	-24,1
Adjustment for amortisation of goodwill	1,9	7,4
Net income per IFRS	**7,7**	**-16,7**

Effects on consolidated income statement

Amounts in SEK million	1 Jan 04	31 Mar 04	31 Dec 04	1 Jan 05
Goodwill 1)				
According to previous acconting principles	40,2	38,3	35,0	42,4
Adjustment for amortisation of goodwill	-	1,9	7,4	-
Goodwill per IFRS	**40,2**	**40,2**	**42,4**	**42,4**
Equity 2)				
According to previous acconting principles	200,0	206,3	210,0	210,0
Adjustment for amortisation of goodwill	-	1,9	7,4	7,4
Equity per IFRS	**200,0**	**208,2**	**217,4**	**217,4**

1) Goodwill arising from the acquisition of assets and liabilities and from the acquisition of companies as reported in the consolidated balance sheet, will, from 1 January 2005, no longer be subject to annual amortisation. Comparative figures for 2004 will be recalculated to show that no amortisation has taken place since 1 January 2004. 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. The transition rules require that companies execute an impairment test of goodwill at the date of the transition to IFRS. The outcome of this test showed that there was no write-down requirement.

2) IAS 39 Financial Instruments: Recognition and Measurement will be applied from and beginning 1 January 2005. On the basis of the guidance of IFRS 1, the company has chosen not to recalculate the comparative figures for 2004, referring to financial instruments, according to the principles of IAS 39. Financial instruments reported in the comparative figures for 2004 will, therefore, be reported on the basis of previously applied principles.

Teligent has chosen to apply the exemption allowing the company to refrain from recalculating the acquisition analysis prepared in conjunction with acquisitions that took place prior to 1 January 2004 in accordance with IFRS 3 Business Combinations.

Teligent has also chosen not to eliminate the reported, accumulated currency conversion differences existing as of 31 December 2003 that have arisen in conjunction with the translation of subsidiaries utilising a currency other than Swedish kronor.

The warrants programme directed towards the company's employees was priced at market value and, therefore, the application of IFRS 2 Share-based Payment has not resulted in any effect on the income statement.

Additionally, Teligent has chosen to value, in the future, both intangible (IAS 38) and tangible (IAS 16) fixed assets at historical acquisition value, with deductions for accumulated depreciation.

Questions regarding this interim report can be addressed to
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