15 July 2005

Adding value to your network

Interim report, January - June 2005

Continued growth and profitability

- Orders received increased by 25.1 per cent and amounted to SEK 253.8 million (202.8).
- The order backlog amounted to SEK 209.4 million (205.6) at the end of the period of which on-going ASP and support contracts accounted for SEK 111.8 million (116.5).
- Net sales increased by SEK 24.3 per cent and amounted to SEK 228.9 million (184.2).
- Operating income amounted to SEK 11.7 million (4.1).
- Income after tax amounted to SEK 9.5 million (4.3).
- Earnings per share amounted to SEK 0.49 (0.27).
- The directed new share issue of 2 million shares at market value provided the company with SEK 45.4 million, after deductions for issue expenses.
- Large and strategic orders have been received from leading carriers in Southeast Asia and Russia

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 thirteen countries around the world.

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President's comments

The company's global growth continued during the first half of 2005, both as regards orders received and net sales.

Orders received for the second quarter increased by 29.4 per cent and amounted to SEK 109.2 million compared with SEK 84.4 million in the second quarter 2004.

Orders received during the first half-year increased by 25.1 per cent or SEK 51.0 million and amounted to SEK 253.8 million compared with SEK 202.8 million for the equivalent period last year.

Net sales during the second quarter amounted to SEK 123.8 million, equivalent to an increase of 36.9 per cent compared with SEK 90.4 million in the second quarter 2004. This is the highest level ever of net sales in the history of the company for a single quarter.

Net sales for the first half-year increased by 24.3 per cent to SEK 228.9 million from SEK 184.2 million compared with the same period in the previous year.

Teligent's growth and long-term profitability is driven by sales of new systems generating continuous support income and the subsequent upgrading of capacity and function. The sale and delivery of new systems, not the least to new customers in new regions is, however, more demanding and has, initially, a lower level of profitability. We have continued to incur significant expenses for product development and the build-up of our global marketing channels. Teligent has, in spite of this, achieved positive operating income for the first half-year 2005, which implies that we have now shown positive operating income with strong growth in four of the six most recent quarters.

Our current assessment is that the level of orders received will continue to be strong during the second half of 2005.

Operations

The company's strategy and investments in global growth regions, in combination with the European home market, has resulted in significant growth and strong positions with the market's largest and most rapidly expanding carriers.

During the first half-year large and strategic orders were received from one of Southeast Asia's fastest growing carriers and also from one of Russia's absolutely largest and most rapidly expanding carriers, as well as a number of systems orders from other globally expanding carriers. These orders, in combination with the on-going business with important existing customers in the European home market, provide a strong base for continued positive development.

The company's product portfolio is based on the Teligent P90/E platform.

The most important transactions during 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 such as a central ”service network architecture” in the carriers' networks.*
- *Mobile IN and VPN solutions.*

Second quarter

Orders received in the second quarter amounted to SEK 109.2 million (84.4), equivalent to an increase of 29.4 per cent.

Net sales for the second quarter amounted to SEK 123.9 million (90.4), equivalent to an increase of 37.1 per cent. Net income for the second quarter amounted to SEK 4.9 million (-3.4).

First half-year

Orders

Orders received for the period amounted to SEK 253.8 million (202.8), equivalent to an increase of 25.1 per cent.

At the end of the period, the order backlog amounted to SEK 209.4 million (205.6), of which continuing support and ASP contracts accounted for SEK 111.8 million (116.5). 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 228.9 million (184.2), equivalent to an increase of 24.3 per cent. Of net sales, a total of 54.6 million (52.9) referred to income for ASP and support contracts.

Gross margin and income

The gross margin amounted to 60.1 (48.9) per cent. Increased volumes in combination with a larger number of standardized products and software have lead to an improved gross margin.

Operating income for the period amounted to SEK 11.7 million (4.1) and net income for the period amounted to SEK 9.5 million (4.3). Earnings per share amounted to SEK 0.49 (0.27).

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 46.5 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.

New Share Issue

With the aim of financing increased working capital tied up, which is a result of the large increase in orders received during the first half of the year, the Board of Directors decided to execute a directed share issue of 2 million shares on the basis of the resolution made by the Annual General Meeting of Shareholders. On 14 June 2005, a total of 2 million shares were issued at the market price prevailing at that time, which was SEK 23.80 per share. The shares were acquired by Scandinavian institutional investors and provided the company with SEK 45.4 million after deduction of issue expenses.

Financial position, cash flow and investments

As of 30 June 2005, consolidated equity amounted to SEK 272.4 million (204.3) and the equity/assets ratio was 60.7 per cent (57.4). Liquid funds, excluding unutilized credit facilities, amounted to SEK 24.5 million (21.2) as at 30 June 2005. In addition, the company had unutilized credit facilities amounting to approximately SEK 49.9 million. Cash flow from operating activities amounted to SEK –6.3 million (-24.3).

Investments during the period amounted to SEK 34.5 million (18.9) of which intangible assets accounted for SEK 28.6 million (16.6) and tangible fixed assets accounted for SEK 5.9 million (2.3).

Employees

The number of employees in the Group increased by 17 during the period to 316 (291), of which 200 (183) are employed in Sweden.

Accounting principles

From financial year 1 January 2005 the company will prepare its consolidated financial statements in accordance with IFRS and any further requirements arising from the regulations of the Swedish Annual Accounts Act. This interim report is prepared in accordance with IFRS and with IAS 34 Interim Financial Reporting and the IFRS standards and the IFRIC interpretations, which came into effect on 31 March 2005. The IFRS standards and IFRIC interpretations which 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 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 stipulated in IFRS 1, as chosen to be implemented by the company.

Forecast 2005

The company refrains from presenting a forecast for 2005.

Other information

Annual General Meeting and New Share Issue

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 on a new share issue of a maximum of 2 million new shares. The Annual General Meeting also decided on 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

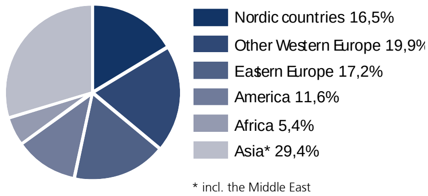
Interim report for Jan – Sept 2005, 21 Oct 2005
Year-End Report 2005, 3 Feb 2006

Nynäshamn, 15 July2005

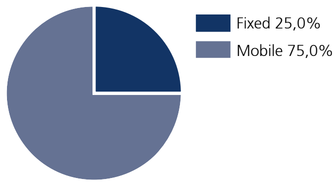
Ulf Lindstén
President and CEO

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

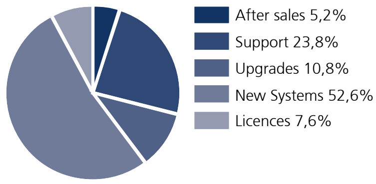
Net sales per market
Jan-June 2005



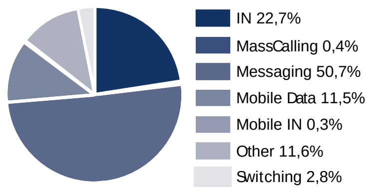
Net sales per type of carrier
Jan-June 2005



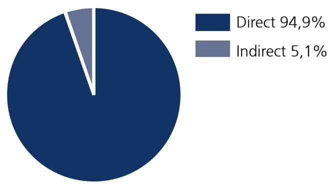
Distribution of net sales
Jan-June 2005



Sale by Product Group
Jan-June 2005



Net sales per sales channel
Jan-June 2005



Consolidated income statement

Amounts in SEK million	Apr-Jun 05 (3 months)	Apr-Jun 04 (3 months)	Jan-Jun 05 (6 months)	Jan-Jun 04 (6 months)	Jan-Dec 04 (12 months)
Net sales	123,9	90,3	228,9	184,2	363,8
Costs for goods sold	-49,1	-46,2	-91,4	-94,2	-170,5
Gross income	**74,8**	**44,1**	**137,5**	**90,0**	**193,3**
Sales expenses	-21,2	-19,9	-41,6	-38,5	-71,2
Administration expenses	-20,2	-14,5	-39,8	-29,8	-69,0
Development costs	-28,3	-12,6	-46,5	-19,2	-49,2
Other operating income/expenses	1	-0,4	2,1	1,6	-18,7
Operating income/expenses [1)]	**6,1**	**-3,3**	**11,7**	**4,1**	**-14,8**
Net financial items	-0,9	-0,1	-1,6	0,2	-0,9
Income after financial items	**5,2**	**-3,4**	**10,1**	**4,3**	**-15,7**
Taxes	-0,3	0,0	-0,6	0,0	-1,0
Net income for the period	**4,9**	**-3,4**	**9,5**	**4,3**	**-16,7**
Net income per share, before dilution	**0,24**	**-0,21**	**0,49**	**0,27**	**-0,95**
Net income per share, after dilution	**0,24**	**-0,21**	**0,49**	**0,27**	**-0,95**
Average number of shares, before dilution	**19 529 829**	**15 685 619**	**19 196 495**	**15 685 619**	**17 520 240**
Average number of shares, after dilution	**19 529 829**	**15 685 619**	**19 196 495**	**15 685 619**	**17 520 240**

1) Operating income has been charged with depriciation/amortisation in the amount of SEK -14.1 million (-9.9), of which SEK -9.7 million (-4.9) refers to intagible fixed assets and SEK -4.4 million (-5.0) refers to tangible fixed assets.

Consolidated balance sheet

Amounts in SEK million	30 Jun 05	30 Jun 04	31 Dec 04
Property, plant and equipment	20,6	20,9	20,4
Goodwill	42,4	40,2	42,4
Capitalised expenses for product development	75,8	41,1	56,9
Other long-term receivables	0,9	0,0	0,8
Total fixed assets	**139,7**	**102,2**	**120,5**
Inventories	6,3	10,8	5,1
Current receivables	279,5	221,7	184,7
Cash and cash equivalents	24,5	21,2	17,4
Total current assets	**310,3**	**253,7**	**207,2**
Total assets	**450,0**	**355,9**	**327,7**
Equity	**272,4**	**204,3**	**217,4**
Long-term liabilities	**3,5**	**0,0**	**3,5**
Current liabilities	**174,1**	**151,6**	**106,8**
Total equity and liabilities	**450,0**	**355,9**	**327,7**

Consolidated statement of changes in equity

Amounts in SEK millions	30 Jun 05	30 Jun 04	31 Dec 04
Opening equity according to adopted balance sheet	217,4	200,0	200,0
New share issue	45,4	-	32,5
Received warrant premiums	-	-	1,0
Change in exchange differenses	0,2	-	0,6
Net income for the period	9,5	4,3	-16,7
Amount at the end of period	**272,5**	**204,3**	**217,4**

Consolidated cash flow statement

Amounts in SEK million	Jan-Jun 05 (6 months)	Jan-Jun 04 (6 months)	Jan-Dec 04 (12 months)
Cash flow from operating activities	24,6	14,0	2,5
Change in working capital	-30,9	-38,3	-19,4
Net cash from operating activities	**-6,3**	**-24,3**	**-16,9**
Investing activities	-34,6	-18,9	-45,4
Cash flow after investing activities	**-40,9**	**-43,2**	**-62,3**
Financing activities	47,5	27,7	43,2
Cash flow for the period	**6,6**	**-15,5**	**-19,1**
Liquid funds at beginning of period	17,4	36,7	36,7
Exchange rate difference in cash and bank	0,5	-	-0,2
Liquid funds at end of period	24,5	21,2	17,4

Key Ratios

Amounts in SEK million	Jan-Jun 05 (6 months)	Jan-Jun 04 (6 months)	Jan-Dec 04 (12 months)
Gross margin %	60,1	48,9	53,1
Operating margin %	5,1	2,2	-4,1
Depriciation/amortization	15,4	9,9	18,6
Equity/assets ratio %	60,5	57,4	66,3
Investments	34,5	9,8	45,9
Number of employees at end of period	316	279	299

Data per share

Amounts in SEK	Jan-Jun 05 (6 months)	Jan-Jun 04 (6 months)	Jan-Dec 04 (12 months)
Number of shares at end of the period	20 863 162	15685619	15685619
Average number of shares	19 529 829	15685619	15685619
Net income per share	0,49 kr	0,37 kr	-1,38 kr
Net income per share after full dilution[1)]	0,49 kr	0,37 kr	-1,38 kr
Equity per share	13,06 kr	13,22 kr	13,39 kr
Equity per share after full dilution[1)]	13,06 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	Q2/05	Q1/05	Q4/04	Q3/04	Q2/04	Q1/04
Orders received	109,2	144,6	81,8	76,6	84,4	118,4
Net sales	123,9	105,0	97,4	82,2	90,3	93,9
Gross margin, %	60,4	59,7	49,0	67,6	48,8	48,9
Operating income	6,1	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	Apr-Jun 2004	Jan-Jun 2004	Jan-Dec 2004
Net income before IFRS	-5,2	0,6	-24,1
Adjustment for amortisation of goodwill	1,8	3,7	7,4
Net income per IFRS	**-3,4**	**4,3**	**-16,7**

Effects on consolidated income statement

Amounts in SEK million	1 Jan 04	30 Jun 04	31 Dec 04	1 Jan 05
Goodwill 1)				
According to previous acconting principles	40,2	36,5	35,0	42,4
Adjustment for amortisation of goodwill	-	3,7	7,4	-
Goodwill per IFRS	**40,2**	**40,2**	**42,4**	**42,4**
Equity				
According to previous acconting principles	200,0	200,6	210,0	210,0
Adjustment for amortisation of goodwill	-	3,7	7,4	7,4
Equity per IFRS	**200,0**	**204,3**	**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.

The annual report for 2004 and previous financial reports are available on Teligent's website, www.teligent.se

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