

Translation of the Swedish pressrelease  
23 July 2008



**Adding value to your network**

Interim Report, January – June 2008

## **Necessary financing unsecured – Teligent to undertake a reconstruction**

- On 9 July Teligent applied for a company reorganisation, in accordance with the statutory regulation regarding company reorganisations.
- On 22 July, the Board of Directors resolved to sell Trio Enterprise. This transaction entails that interest-bearing debts will be decreased by MSEK 66.9. In conjunction with this, the Board has resolved to prepare a balance sheet for liquidation purposes.
- Net sales for the quarter amounted to MSEK 100.6 (107.6) million. Net sales for the entire period amounted to MSEK 228.8 (210.4).
- Operating profit/loss for the quarter amounted to MSEK -39.7 (-124.1). Operating profit/loss for the entire period amounted to MSEK -75.5 (-206.2). Included in the comparative figures for 2007 is a write-down of capitalised expenditure for development work amounting to MSEK 85.7.
- Earnings per share for the quarter amounted to SEK -0.24 (-2.21). Profit/loss per share for the period amounted to SEK -0.46 (-4.77).
- Order intake for the quarter amounted to MSEK 112.5 (160.4). Order intake for the period amounted to MSEK 199.6 (345.4).

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### **About Teligent**

Teligent is a telecommunications company that creates value for telecommunications carriers globally by delivering application platforms and accompanying value added services. The Company's products enable fully converged solutions for fixed, mobile and IP based networks. All solutions are based on the Teligent Application Server, developed by the Company and based on the reliable Teligent P90/E base technology. The Company's solutions are currently utilised by a number of leading telecommunications carriers, for example BT, Deutsche Telekom, MTS, SingTel, SMART, Telenor, TeliaSonera, Verizon and Vodafone.

The Group also includes Trio Enterprise, which develops presence and customer service systems for the corporate market. Trio Enterprise's major customers include Swedbank, Statoil and SBAB.

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## PRESIDENT'S COMMENTS

Just as at the beginning of the year, the second quarter has also been intense.

The project mentioned previously which resulted in large losses has been renegotiated. A positive outcome in this renegotiation was conditional upon Teligent's continued existence. The uncertainty which arose when we announced in February that we were not fully financed has had a negative effect on our possibilities to succeed in reaching the forecasted level of profitability for the Company during the year.

Despite the renegotiations of the contract and other measures which have been taken, we have not succeeded in attaining the necessary financing. The management has stated that the Company is in a state of insolvency. Against this background, and an acute need for cash in hand, the Parent Company applied on 9 July for a company reorganisation in accordance with the statutory regulation regarding company reorganisation. A preliminary public reorganisation plan will be presented on 4 August in a negotiation with creditors at Södertörn's District Court. This plan will describe the activities to be undertaken during the reorganisational phase.

At the beginning of May, Teligent introduced a new organisation with the aim of clarifying its business logic and areas of responsibility within the various parts of Teligent. On the positive side, we can disclose that Teligent has received additional substantial upgrade orders within Messaging from the African markets with a total surplus value in excess of MSEK 50. Trio Enterprise is continuing to grow with good profitability; sales for the first six-month period amounted to MSEK 48.9.

### Second quarter 2008, Group

Net sales for the quarter amounted to MSEK 100.6 (107.6), of net sales, MSEK 35.7 (37.5) refer to income from support agreements.

The gross margin amounted to 49.1 (57.7) percent. Operating profit/loss for the quarter amounted to MSEK -39.7 (-124.1) and income for the quarter amounted to MSEK -44.0 (-127.8). Earnings per share amounted to SEK -0.24 (-2.21). Income for the quarter has been positively affected by changes in reserves amounting to MSEK 21.1.

Order intake for the quarter amounted to MSEK 112.5 (160.4).

### The first six-month period 2008, Group

Net sales for the period amounted to MSEK 228.8 (210.4), of net sales, MSEK 71.5 (79.7) refers to income from support agreements.

The gross margin amounted to 40.6 (55.8) percent. Operating profit/loss for the quarter amounted to MSEK -75.5 (-206.2) and income for the quarter amounted to MSEK -83.4 (-214.5). Earnings per share amounted to SEK -0.46 (-4.77). Income for the period has been positively affected by changes in reserves amounting to MSEK 35.5.

Order intake for the period amounted to MSEK 199.6 (345.4).

### Taxes

In the Group, the estimated fiscal deficit per December 2007 amounted to MSEK 1,106.5 (695.5), of which MSEK 803.1 (436.5) referred to the Parent Company. Of this fiscal deficit, MSEK 824.4 (413.3) has no time limit regarding any option to offset against future fiscal surpluses. A total of MSEK 6.4 (10.8) of the fiscal value of the loss carry-forward has been offset against deferred income tax liabilities regarding temporary differences in the Group. The fiscal value of the remaining loss carry-forward has not been capitalised.

## Financing, cash flow and investments

Equity for the Group per 30 June 2008, amounted to MSEK 197.6 (235.8). The Group's equity/assets ratio amounted to 36.8 (38.6) percent. Cash and cash equivalents amounted to MSEK 31.4 (27.9) per 30 June. These cash and cash equivalents are, to a large degree, tied up in the subsidiary. In addition, the Group had unutilised credit obligations amounting to MSEK 21.8 (42.5), of which unutilised factoring amounts to MSEK 16.9 (28.0).

Cash flow from operating activities amounted to MSEK 14.1 (-56.4). The positive cash flow from operating activities can primarily be attributed to the fact that accounts receivable decreased by MSEK 91.8 during the period.

Investments for the period amount to MSEK 23.4 (30.7), of which intangible assets total MSEK 21.8 (28.3) and tangible fixed assets total MSEK 1.6 (2.4).

## Personnel

The number of employees in the Group has decreased during the period by 26 individuals to 386 (413). The number of employees in Sweden amounts to 205 (229).

## Parent Company, the first six-month period 2008

Net sales for the period amounted to MSEK 62.2 (27.0), income amounted to MSEK -136.8 (-197.0).

## Accounting principles

This Interim Report is prepared in accordance with IAS 34, Interim reporting, which is in accordance with Swedish law through the application of the Swedish Financial Reporting Board RFR 1.1, the Swedish Financial Accounting Standards Council's recommendation RR 30 Supplementary Accounting Regulations for Groups and RFR 2.1, Accounting for Legal Entities, attributable to the Parent Company. Otherwise, the same accounting principles, definitions of key ratios and methods of calculation are applied as in the previous year's annual report. No new standards have come into effect which affects Teligent's financial position or result. This report and the underlying book closing are based upon the principle of going concern.

## Forecast for 2008

The Company has decided not to present a forecast.

## Risks

Teligent's operations are capital-intensive and the necessary financing of the Company has yet to be secured. During July, the Company applied for a company reorganisation in accordance with the statutory regulations regarding company reorganisation. The application has been granted by Södertörn's District Court and reorganisation procedures have been initiated. It is the opinion of the management that there will need to be some form of capital contribution in order that Teligent will be able to succeed with the ongoing company reorganisation in accordance with the statutory regulations regarding company reorganisation.

Teligent's most significant risk factors and uncertainties include commercial risks due to a high level of exposure to the telecommunications industry, including fixed price commitments. Risks also include financial risks, primarily in terms of price, exchange rate fluctuations and interest rates.

No significant risks have arisen in addition to those risks described in Teligent's annual report 2007 (refer to Note 32 for further information regarding the risk exposure and risk management of the Group and the Parent Company).

## Other information

### Changes in the Board of Directors

At the annual general meeting on 24 April, Dag B. Sörsdahl, Tomas Franzén and Per Axelsson resigned from the Board, and Erik Fröberg and Anders Skarin were newly elected to the Board.

### Forthcoming reports

Interim report Jan-Sept 2008, 24 Oct 2008  
Nynäshamn, 22 July 2008

The half-yearly report provides a true and fair view of the Parent Company's and the Group's operations, financial position and results of operations and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Henrik Sund

Jan Rynning

Managing Director

Elisabeth Annell

Erik Fröberg

Ulf Lindstén

This interim report has not been the subject of a special review by the company's auditors

Chairman of the Board

Anders Skarin

Sverker Hannervall

## Consolidated income statement

Amounts in SEK million	Apr-June 08 (3 months)	Apr-June 07 (3 months)	Jan-June 08 (6 months)	Jan-June 07 (6 months)	Jan-Dec 07 (12 months)
Net sales	100.6	107.6	228.8	210.4	433.6
Cost of goods sold	-51.2	-45.5	-135.9	-93.0	-278.9
<b>Gross profit/loss</b>	<b>49.4</b>	<b>62.1</b>	<b>92.9</b>	<b>117.4</b>	<b>154.7</b>
Distribution costs	-30.5	-31.6	-56.9	-65.1	-150.9
Administrative expenses	-55.7	-30.8	-84.0	-57.9	-107.0
Development expenditures <sup>2)</sup>	0.0	-125.1	-25.4	-199.6	-264.1
Other operating income	4.1	9.3	10.4	15.4	32.9
Other operating expenses	-7.0	-8.0	-12.5	-16.4	-35.7
<b>Operating profit/loss <sup>1)</sup></b>	<b>-39.7</b>	<b>-124.1</b>	<b>-75.5</b>	<b>-206.2</b>	<b>-370.1</b>
Financial income	0.1	0.6	0.2	0.7	0.7
Financial expenses	-2.5	-4.0	-5.6	-8.4	-20.4
<b>Profit/loss after financial items</b>	<b>-42.1</b>	<b>-127.5</b>	<b>-80.9</b>	<b>-213.9</b>	<b>-389.8</b>
Taxes	-1.9	-0.3	-2.5	-0.6	-1.4
<b>Profit/loss for the period</b>	<b>-44.0</b>	<b>-127.8</b>	<b>-83.4</b>	<b>-214.5</b>	<b>-391.2</b>
<b>Attributable to</b>					
<b>Parent Company's shareholders</b>	<b>-44.0</b>	<b>-127.8</b>	<b>-83.4</b>	<b>-214.5</b>	<b>-391.2</b>
<b>Earnings per share, before dilution</b>	<b>-0.24</b>	<b>-2.21</b>	<b>-0.46</b>	<b>-4.77</b>	<b>-4.74</b>
<b>Earnings per share, after dilution</b>	<b>-0.24</b>	<b>-2.21</b>	<b>-0.46</b>	<b>-4.77</b>	<b>-4.74</b>
<b>Average number of shares before dilution</b>	<b>182,033,614</b>	<b>57,835,866</b>	<b>182,033,614</b>	<b>45,009,796</b>	<b>82,507,505</b>
<b>Average number of shares, diluted</b>	<b>182,033,614</b>	<b>57,835,866</b>	<b>182,033,614</b>	<b>45,009,796</b>	<b>82,507,505</b>

1) Depreciation/amortisation charge the periods operating profit/loss by MSEK -27.8 (-33.4), divided into intangible fixed assets, MSEK -24.6 (-29.1), and tangible fixed assets MSEK -3.2 (-4.3). Of the period's investments, MSEK 21.8 (21.3) refers to capitalised expenditure for development work.

2) All development expenditures have been allocated during the period to various customer projects, of which these costs charge expenditure for goods sold.

## Consolidated Balance Sheet

Amounts in SEK million	30 June 08	31 Dec 07
Tangible fixed assets	14.6	18.1
Goodwill	170.4	170.4
Other intangible assets	114.3	117.1
Other long-term receivables	1.4	1.5
<b>Total fixed assets</b>	<b>300.7</b>	<b>307.1</b>
Inventories	18.4	23.3
Current receivables	186.2	285.5
Cash and cash equivalents	31.4	31.2
<b>Total current assets</b>	<b>236.0</b>	<b>340.0</b>
<b>Total assets</b>	<b>536.7</b>	<b>647.1</b>
Other equity attributable to Parent Company's shareholders	197.6	281.9
<b>Total equity</b>	<b>197.6</b>	<b>281.9</b>
<b>Long-term interest-bearing liabilities</b>	<b>16.4</b>	<b>51.3</b>

<b>Current interest-bearing liabilities</b>	<b>115.4</b>	<b>76.5</b>
<b>Other current liabilities</b>	<b>207.3</b>	<b>237.4</b>
<b>Total equity and liabilities</b>	<b>536.7</b>	<b>647.1</b>

## Changes in Consolidated Equity

	Share capital	Other contributed equity	Accumulated translation differences	Accumulated deficit including net profit/loss for the year	Equity attributable to Parent Company's shareholders
<b>Amounts in SEK million</b>					
<b>Equity, 1 January 2007</b>	<b>2.9</b>	<b>775.2</b>	<b>0.1</b>	<b>-427.7</b>	<b>350.5</b>
Translation differences	-	-	0.9	-	0.9
Total transactions recorded directly against equity	-	-	0.9	-	0.9
Profit/loss for the period	-	-	-	-214.5	-214.5
				-214.5	-213.6
New share issue 2007	2.9	105.9	-	-	108.8
Costs for New share issue 2007	-	-9.9	-	-	-9.9
	2.9	96.0	-	-	98.9
<b>Equity, 30 June 2007</b>	<b>5.8</b>	<b>871.2</b>	<b>1.0</b>	<b>-642.2</b>	<b>235.8</b>
<b>Equity, 31 December 2007</b>	<b>18.2</b>	<b>1,080.6</b>	<b>2.0</b>	<b>-818.9</b>	<b>281.9</b>
Translation differences	-	-	-0.9	-	-0.9
Total transactions recorded directly against equity	-	-	-0.9	-	-0.9
Net profit/loss for the year	-	-	-	-83.4	-83.4
	-	-	-0.9	-83.4	-84.3
<b>Equity, 30 June 2008</b>	<b>18.2</b>	<b>1,080.6</b>	<b>1.1</b>	<b>-902.3</b>	<b>197.6</b>

## Consolidated cash flow statement

	Jan-June 08 (6 months)	Jan-June 07 (6 months)	Jan-Dec 07 (12 months)
<b>Amounts in SEK million</b>			
Net cash flow from operating activities before changes in working capital	-55.4	-94.1	-149.4
Changes in working capital	69.5	37.7	-4.2
<b>Cash flow from operating activities</b>	<b>14.1</b>	<b>-56.4</b>	<b>-153.6</b>
Cash flow from investment activities <sup>1)</sup>	-22.7	-30.7	-73.5
<b>Cash flow after investments</b>	<b>-8.6</b>	<b>-87.1</b>	<b>-227.1</b>
Cash flow from financing activities	8.7	80.0	223.5
<b>Cash flow for the period</b>	<b>0.1</b>	<b>-7.1</b>	<b>-3.6</b>
Cash equivalents at beginning of period	31.2	34.7	34.7
Exchange rate difference in cash and cash equivalents	0.1	0.3	0.1
Cash equivalents at end of period	31.4	270.9	31.2

1) Investments for the year amount to MSEK 22.7 (30.7), of which MSEK 21.8 (28.3) refers to intangible assets and MSEK 0.9 (2.4) refers to tangible fixed assets.

## Key ratios

<b>Amounts in SEK million</b>	Jan-June 08 (6 months)	Jan-June 07 (6 months)	Jan-Dec 07 (12 months)
<b>Key ratios</b>			
Gross margin %	40.6	55.8	35.7
Operating margin %	-33.0	-98.0	-85.4
Depreciation/amortisation	27.8	33.4	62.9
Equity/assets ratio %	36.8	38.6	43.6
Investeringar1)	22.7	30.7	73.5
Number of employees at the end of the period	386	413	412
Number of shares at the end of the period	182,033,614	57,835,866	182,033,614
Average number of shares	182,033,614	45 009,796	82,507,505
Earnings per share	SEK -0.46	SEK -4,77	SEK -4.74
Earnings per share, diluted	SEK -0.46	SEK -4,77	SEK -4.74
Equity per share	SEK 1.09	SEK 4,08	SEK 1.55
Equity per share after dilution	SEK 1.09	SEK 4,08	SEK -1.55
<b>Business segment - Trio Enterprise</b>			
Net sales	48.9	43.7	91.7
Operating profit/loss	4.7	5.0	9.4
<b>Business segment - Teligent</b>			
Net sales	179.9	166.7	341.9
Operating profit/loss	-80.2	-211.2	-379.5
1)	Investments for the year amount to MSEK 22.7 (30.7), of which MSEK 21.8 (28.3) refers to intangible assets and MSEK 0.9 (2.4) refers to tangible fixed assets.		

## Quarterly data

<b>Amounts in SEK million</b>	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07
Orders received	112.5	87.1	110.8	134.5	160.4
Net sales	100.6	128.2	116.5	106.7	107.6
Gross margin, %	49.1	33.9	-18.0	54.6	57.7
Operating profit/loss	-39.7	-35.8	-131.4	-32.5	-124.1

## Parent Company Income Statement

Amounts in SEK million	Apr-June 08 (3 months)	Apr-June 07 (3 months)	Jan-June 08 (6 months)	Jan-June 07 (6 months)	Jan-Dec 07 (12 months)
Net sales	29.5	20.1	61.2	27.0	154.3
Cost of goods sold	-22.3	-28.5	-79.2	-33.9	-182.7
<b>Gross profit/loss</b>	<b>7.2</b>	<b>-8.4</b>	<b>-18.0</b>	<b>-6.9</b>	<b>-28.4</b>
Distribution costs	-13.2	-8.8	-22.5	-20.0	-59.0
Administrative expenses	-45.7	-13.9	-58.9	-25.8	-56.2
Development expenditure	0.0	-113.9	-23.3	-150.1	-200.0
Other operating income	-1.5	8.9	0.0	12.0	108.5
Other operating expenses	-3.9	8.0	-8.5	3.4	-27.8
<b>Operating profit/loss</b>	<b>-57.1</b>	<b>-128.1</b>	<b>-131.2</b>	<b>-187.4</b>	<b>-262.9</b>
Financial income	0.0	0.1	0.1	0.2	0.4
Financial expenses	-2.3	-4.7	-5.5	-9.8	-150.3
<b>Profit/loss after financial items</b>	<b>-59.4</b>	<b>-132.7</b>	<b>-136.6</b>	<b>-197.0</b>	<b>-412.8</b>
Taxes	-0.2	0.0	-0.2	0.0	-12.6
<b>Profit/loss for the period</b>	<b>-59.6</b>	<b>-132.7</b>	<b>-136.8</b>	<b>-197.0</b>	<b>-425.4</b>

## Parent Company Balance Sheet

Amounts in SEK million	30 June 08	31 Dec 07
Tangible fixed assets	3.9	5.4
Goodwill	7.3	12.0
Other intangible assets	91.4	95.2
Other long-term receivables	181.3	181.3
<b>Total fixed assets</b>	<b>283.9</b>	<b>293.9</b>
Inventories	4.7	5.3
Current receivables	205.6	229.2
Cash and cash equivalents	2.1	11.5
<b>Total current assets</b>	<b>212.4</b>	<b>246.0</b>
<b>Total assets</b>	<b>496.3</b>	<b>539.9</b>
Equity attributable to Parent Company's shareholders	29.7	167.0
<b>Total equity</b>	<b>29.7</b>	<b>167.0</b>
<b>Long-term interest-bearing liabilities</b>	<b>24.8</b>	<b>15.1</b>
<b>Current interest-bearing liabilities</b>	<b>45.3</b>	<b>34.6</b>
<b>Other current liabilities</b>	<b>396.5</b>	<b>323.2</b>
<b>Total equity and liabilities</b>	<b>496.3</b>	<b>539.9</b>

Interim reports for 2008, the annual report for 2007 and previous financial reports are available from Teligent's website, [www.teligent.se](http://www.teligent.se)



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