

Global IP Sound AB (public)
Registered No. 556573-9017

Annual report and consolidated financial statements for the financial period from 1 January 2001 to 31 December 2001

The board of directors and the managing director present the following annual report and consolidated financial statements.

Contents	Page
- Administration report	2
- Consolidated income statement	3
- Consolidated balance sheet	4
- Consolidated cash flow statement	6
- Parent company income statement	7
- Parent company balance sheet	8
- Cash flow statement	10
- Notes to the financial statements, applicable to the parent company and the group	11

Administration report

The Annual Report refers to the Company's fiscal year from the date January 1 2001 to December 31 2001.

Information about the business activities

Global IP Sound AB (the Company) has developed software for communications over packet networks and provides products and software, which will lead to a high and robust sound quality for real-time sound processing over packet networks. The Company has established business in the US through its subsidiary Global IP Sound Inc

During the fiscal year, the Company has opened sales offices in Boston and Hong Kong. The R&D work has in all-important ways been carried out according to the original plans and the Company has developed a number of products and software. The Company is not dependent on any third party's rights, as the Company owns the software that it has developed. The Company received its first patent for NetEq™ by the Swedish Patent Authorities and has 6 more patent pending.

During the fiscal year, the company has built up a marketing and sales department with staff both in the US and in Sweden. Although the financial results do not show any revenue for this year, this group has signed three licensing agreements with Pingtel, Snom, and Comuniq, with revenues expected to be generated from these contracts in 2002. In addition, it has signed four marketing agreement with Texas Instruments, HotSip, Mediatrix, Trillium and Ubiquity. Other potential contracts are currently in the sales pipeline that is expected to generate additional revenue for 2002.

The Company has made a conscious effort to cut costs and preserve cash going into 2002. During the fiscal year the Company has through a private placements raised capital in the amount of 24MSEK. The Company also raised 5.7MSEK in additional financing in January 2002 from existing shareholders. The Board of Directors are continuously looking at ways to preserve the liquidity of the Company.

The Company has its registered office in Stockholm.

Proposed treatment of loss

|Group|

The non-restricted equity of the group amounts to SEK -112,488,589

|Parent company|

The board of directors and the managing director propose that the accumulated loss, SEK 64,932,560 be carried forward.

Consolidated income statement	Note	1 Jan 2001 -31 Dec 2001	20 Jul 1999 -31 Dec 2000
Other income	2	<u>0</u>	<u>109,667</u>
Gross profit		0	109,667
	3, 2, 4		
Selling expenses		-23,868,996	-4,891,972
Administrative expenses	5	-21,526,561	-32,957,707
Research and development costs		<u>-32,257,145</u>	<u>-22,506,634</u>
Operating loss		-77,652,702	-60,246,646
Result from financial investments			
Other interest income and similar profit/loss items	6	1,969,826	4,133,945
Interest expenses and similar profit/loss items		<u>-430,900</u>	<u>-412,034</u>
Total result from financial investments		1,538,926	3,721,911
Result after financial items		<u>-76,113,776</u>	<u>-56,524,735</u>
State tax		-8,272	0
Net loss for the year		<u>-76,122,048</u>	<u>-56,524,735</u>

Consolidated balance sheet	Note	31 Dec 2001	31 Dec 2000
	1		
Assets			
Fixed assets			
<u>Intangible fixed assets</u>			
Patents	7	<u>800,217</u>	<u>397,062</u>
<u>Tangible fixed assets</u>			
Plant and machinery	8	2,083,226	2,827,824
Equipment, tools, fixtures and fittings	9	1,815,751	839,895
Software	10	156,773	136,164
Costs of improvements to property	11	2,760,990	229,496
Vehicles	12	<u>0</u>	<u>334,017</u>
		6,816,740	4,367,396
<u>Financial fixed assets</u>			
Deposits		2,785,078	3,820,121
Other long-term receivables		<u>40</u>	<u>40</u>
		2,785,118	3,820,161
Total fixed assets		<u>10,402,075</u>	<u>8,584,619</u>
Current assets			
<u>Current receivables</u>			
Other current investments	16	5,412,501	0
Other current receivables		674,615	1,066,270
Prepaid expenses and accrued income	13	<u>941,136</u>	<u>1,291,129</u>
		7,028,252	2,357,399
<u>Cash and bank balances</u>		<u>32,931,992</u>	<u>87,651,714</u>
		32,931,992	87,651,714
Total current assets		<u>39,960,244</u>	<u>90,009,113</u>
Total assets		<u>50,362,319</u>	<u>98,593,732</u>

Equity and liabilities

		31 Dec 2001	31 Dec 2000
Equity	14		
<u>Restricted equity</u>			
Share capital (23,044,327shares at nom SEK 1 each)		23,044,327	18,794,327
Restricted reserves		<u>131,878,419</u>	<u>130,672,842</u>
Total restricted equity		154,922,746	149,467,169
<u>Non-restricted equity</u>			
Net loss previous year		-36,366,541	
Net loss for the year		<u>-76,122,048</u>	<u>-56,524,735</u>
Total non-restricted equity		-112,488,589	-56,524,735
Total equity		<u>42,434,157</u>	<u>92,942,434</u>
Current liabilities			
Accounts payable - trade		4,167,548	1,877,049
Other current liabilities		404,556	1,401,803
Accrued expenses and deferred income	15	<u>3,356,060</u>	<u>2,372,446</u>
Total current liabilities		7,928,164	5,651,298
Total equity and liabilities		<u>50,362,319</u>	<u>98,593,732</u>
Pledged assets		None	None
Contingent liabilities		None	None

Consolidated cash flow statement	Note	1 Jan 2001 -31 Dec 2001	20 Jul 1999 -31 Dec 2000
Operating activities			
Result after financial items		-76,113,776	-56,524,735
Adjustments for items not included in cash flow etc.		2,846,988	18,552,478
Depreciation		2,451,374	809,612
Tax		<u>-8,272</u>	<u>0</u>
Cash flow from operating activities before changes in working capital		-70,823,686	-37,162,645
Changes in working capital			
Increase in receivables		741,646	-2,357,399
Increase in accounts payable		<u>2,276,863</u>	<u>5,651,298</u>
Cash flow from operating activities		-67,805,175	-33,868,746
Investing activities			
Acquisitions of intangible assets		-403,155	-397,062
Acquisitions of machinery and equipment		-4,900,717	-5,177,008
Investment in financial assets		<u>-4,377,458</u>	<u>-3,820,161</u>
Cash flow from investing activities		-9,681,330	-9,394,231
Financing activities			
Share premium upon issue of new shares		<u>22,440,177</u>	<u>129,287,719</u>
Cash flow from financing activities		22,440,177	129,287,719
Cash flow for the year		-55,046,328	86,024,742
Liquid funds at the beginning of the year		87,651,714	0
Exchange difference, liquid funds		<u>326,605</u>	<u>1,626,972</u>
<u>Liquid funds at the end of the year</u>		<u>32,931,992</u>	<u>87,651,714</u>

Parent company income statement	Note	1 Jan 2001 -31 Dec 2001	20 Jul 1999 -31 Dec 2000
Other income	2	<u>0</u>	<u>109,667</u>
Gross profit		0	109,667
	4, 3, 2		
Selling expenses		-8,329,610	-1,831,347
Administrative expenses	5	-9,791,219	-9,677,950
Research and development costs		<u>-24,599,778</u>	<u>-19,364,423</u>
Operating loss		-42,720,607	-30,764,053
Result from financial investments			
Other interest income and similar profit/loss items	6	5,020,335	4,409,441
Interest expenses and similar profit/loss items		<u>-466,090</u>	<u>-411,584</u>
Total result from financial investments		4,554,245	3,997,857
Result after financial items		<u>-38,166,364</u>	<u>-26,766,196</u>
Net loss for the year		<u>-38,166,364</u>	<u>-26,766,196</u>

Parent company balance sheet	Note	31 Dec 2001	31 Dec 2000
	1		
Assets			
Fixed assets			
<u>Intangible fixed assets</u>			
Patents	7	800,217	397,062
<u>Tangible fixed assets</u>			
Plant and machinery	8	1,376,796	1,927,509
Leasehold improvements		214,720	0
Equipment, tools, fixtures and fittings	9	<u>792,250</u>	<u>839,895</u>
		2,383,766	2,767,404
<u>Financial fixed assets</u>			
Shares in group companies		8,769,216	8,769,216
Deposits		<u>1,000,000</u>	<u>1,000,000</u>
		9,769,216	9,769,216
Total fixed assets		<u>12,953,199</u>	<u>12,933,682</u>
Current assets			
<u>Current receivables</u>			
Other current investments	16	5,412,501	0
Receivables from group companies		46,106,923	9,678,565
Other current receivables		470,569	866,025
Prepaid expenses and accrued income	13	<u>590,820</u>	<u>1,191,380</u>
		52,580,813	11,735,970
<u>Cash and bank balances</u>		<u>26,280,123</u>	<u>81,862,498</u>
Total current assets		<u>78,860,936</u>	<u>93,598,468</u>
Total assets		<u>91,814,135</u>	<u>106,532,150</u>

Equity and liabilities

		31 Dec 2001	31 Dec 2000
Equity	14		
<u>Restricted equity</u>			
Share capital (23 044 327 shares at nom SEK 1 each)		23,044,327	18,794,327
Share premium reserve		<u>128,457,199</u>	<u>110,493,392</u>
		151,501,526	129,287,719
<u>Non-restricted equity</u>			
Profit/loss brought forward		-26,766,196	0
Net loss for the year		<u>-38,166,364</u>	<u>-26,766,196</u>
Accumulated loss		-64,932,560	-26,766,196
Total equity		<u>86,568,966</u>	<u>102,521,523</u>
Current liabilities			
Accounts payable – trade		3,367,641	1,429,470
Other current liabilities		404,556	1,235,925
Accrued expenses and deferred income	15	<u>1,472,972</u>	<u>1,345,232</u>
Total current liabilities		5,245,169	4,010,627
Total equity and liabilities		<u>91,814,135</u>	<u>106,532,150</u>
Pledged assets		None	None
Contingent liabilities		None	None

Cash flow statement	Note	1 Jan 2001 - 31 Dec 2001	20 Jul 1999 -31 Dec 2000
Operating activities			
Result after financial items		-38,166,364	<u>-26,766,196</u>
Depreciation		<u>1,159,348</u>	<u>618,976</u>
Cash flow from operating activities before changes in working capital		-37,007,016	-26,147,220
Changes in working capital			
Increase in receivables		-35,432,343	-11,735,970
Increase in accounts payable – trade		<u>1,234,543</u>	<u>4,010,627</u>
Cash flow from operating activities		-71,204,816	-33,872,563
Investing activities			
Acquisitions of intangible assets		-403,155	-397,062
Acquisitions of machinery and equipment		-775,710	-3,386,380
Investment in financial assets		<u>-5,412,501</u>	<u>-9,769,216</u>
Cash flow from investing activities		-6,591,366	-13,552,658
Financing activities			
Share premium upon new issue of shares		<u>22,213,807</u>	<u>129,287,719</u>
Cash flow from financing activities		22,213,807	129,287,719
Cash flow for the year		-55,582,375	81,862,498
Liquid funds at the beginning of the year		<u>81,862,498</u>	<u>0</u>
Liquid funds at the end of the year		<u>26,280,123</u>	<u>81,862,498</u>

Notes to the financial statements, applicable to the parent company and group

Note 1 Accounting principles

The annual report has been prepared according to the Annual Accounts Act and to the Swedish Accounting Standards Board.

Consolidated financial statements

The consolidated financial statements include subsidiaries, where the parent company directly or indirectly holds more than 50% of the votes.

The consolidated financial statements have been prepared in accordance with the acquisition accounting method, which means that the subsidiaries' equity at the date of acquisition, defined as the difference between the fair values of the assets and liabilities, is eliminated in full. Thus the group equity includes only that portion of the subsidiaries' equity, which has been added after the date of acquisition.

If the acquisition value of the shares on consolidation exceeds the value of the subsidiary's net assets stated in the acquisition analysis, the difference is stated as goodwill on consolidation. If instead, the acquisition value of the shares on consolidation is less than the value of the company's net assets stated in the acquisition analysis, the difference is accounted for as a provision for negative goodwill. The provision is dissolved on the basis of expectations regarding the earnings trend.

The company applies the current method for the translation of the financial statements of foreign subsidiaries. This means that the assets and liabilities of the foreign subsidiaries are translated at the closing rate. All items included in the income statement are translated at the average rate for the year. Translation differences are taken directly to group equity.

If the parent company or another group company has taken measures to balance or hedge against exchange differences regarding a net investment in an independent subsidiary, the exchange difference in the hedge instrument is taken directly to equity, in so far as it is matched by a translation difference reported during the year for the subsidiary.

In case there is a difference in the valuation of assets and liabilities at group level and company level, the tax effect is taken into account and is reported either as a deferred tax asset or a deferred tax liability.

Inter-company profits are eliminated in full, i.e. without taking account of minority interests.

Minority interests in the result for the year are shown in the consolidated financial statements. Minority interests in the subsidiaries' equity are presented as a separate item in the consolidated balance sheet.

Receivables

Receivables are stated in the amounts estimated to be received on the basis of individual assessment.

Foreign currencies

Receivables and payables in foreign currencies are valued at the closing rate. Where hedging measures have been taken, such as forward contracts, the forward rates are used. Gains and losses on receivables and payables relating to operations are accounted for net under other operating income or, alternatively, other operating expenses.

On hedging of future budgeted flows, the hedging instruments are not re-valued in case of exchange rate fluctuations. The entire effect of exchange rate fluctuations is accounted for in the income statement as the hedging instruments mature.

Fixed assets

Tangible and intangible fixed assets are depreciated/amortised systematically over their estimated useful lives. The following periods of depreciation/amortisation are applied:

	<u>Number of years</u>
Intangible fixed assets	5
Equipment, tools, fixtures and fittings	5
Software	3
Improvements to property	Written down over the term of the lease

Interest on capital borrowed to finance the production of an asset is included in the acquisition value in so far as the interest is attributable to the production period.

Research and development

Costs for research and development work are normally expensed as they arise.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. The reported cash flow comprises only transactions leading to inward and outward payments. The cash flow is allocated to

- operating activities,
- investing activities and
- financing activities.

Note 2 Inter-company purchases and sales

Parent company

Of the company's net sales, sales to subsidiaries account for SEK 0.

Of the company's purchases, purchases from subsidiaries account for SEK 13,364,851

Interest income from subsidiaries account for SEK 3,438,499.

For inter-company purchases and sales, the pricing principles applied are the same as for transactions between external parties.

Note 3 Depreciation, amortisation, write-downs and reversals

Depreciation of tangible fixed assets amount to SEK 2,451,374 group and SEK 1,124,170 for the parent company.

Note 4 Average number of employees, wages, salaries, other emoluments and social security contributions

	1 Jan 2001 <u>-31 Dec 2001</u>	20 Jul 1999 <u>-31 Dec 2000</u>
The average number of employees, men and women, was		
<u>Group</u>		
Men	29	5
Women	6	<u>23</u>
Total for group	<u>35</u>	<u>28</u>
<u>Parent company</u>		
Men	19	10
Women	3	<u>2</u>
Total for parent company	<u>22</u>	<u>12</u>
<u>Group</u>		
Wages, salaries and emoluments paid to President and board of directors	3,524,881	3,203,671
Other employees	<u>29,295,053</u>	<u>9,141,847</u>
Total wages, salaries and emoluments	32,819,934	12,345,518
Statutory and contractual social security contributions	4,451,059	2,771,972
Pension costs (of which for board and managing director SEK 126,295)	<u>1,882,636</u>	<u>602,628</u>
Total wages, salaries, emoluments, social security contributions and pension costs for group	<u>39,153,629</u>	<u>15,720,118</u>
<u>Parent company</u>		
Wages, salaries and emoluments paid to President and the board of directors	867,500	893,671
Other employees	<u>8,315,823</u>	<u>6,301,104</u>
Total wages, salaries and emoluments	9,183,323	7,194,775
Statutory and contractual social security contributions	3,000,349	2,454,593
Pension costs (of which for board and managing director SEK 126,295)	<u>1,882,636</u>	<u>602,628</u>
Total wages, salaries, emoluments, social security contributions and pension costs for parent company	<u>14,066,308</u>	<u>10,251,996</u>

Note 5 Fees and remuneration

Öhrlings Pricewaterhousecoopers

	1 Jan 2001 <u>-31 Dec 2001</u>	20 Jul 1999 <u>-31 Dec 2000</u>
<u>Group</u>		
Accounting fees	261,493	89,045
Other fees	<u>319,258</u>	<u>225,000</u>
	<u>580,751</u>	<u>314,045</u>
<u>Parent company</u>		
Accounting fees	68,132	30,000
Other fees	<u>148,237</u>	<u>126,625</u>
	<u>216,369</u>	<u>156,625</u>

Note 6 Other interest income and similar profit/loss items

	1 Jan 2001 <u>-31 Dec 2001</u>	20 July 1999 <u>-31 Dec 2000</u>
<u>Group</u>		
Interest income	<u>1,827,135</u>	<u>4,133,945</u>
Total	<u>1,827,135</u>	<u>4,133,945</u>
<u>Parent company</u>		
Interest income	<u>5,020,322</u>	<u>3,471,524</u>
Total	<u>5,020,322</u>	<u>3,471,524</u>
Of which relating to group companies	<u>3,438,499</u>	<u>937,917</u>

Note 7 Patents

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
<u>Patents</u>		
Balance brought forward	397,062	
-Capitalised costs	<u>403,155</u>	<u>397,062</u>
Closing residual value according to plan	<u>800,217</u>	<u>397,062</u>
<u>Parent company</u>		
<u>Patents</u>		
Balance brought forward	397,062	
-Capitalised costs	<u>403,155</u>	<u>397,062</u>
Closing residual value according to plan	<u>800,217</u>	<u>397,062</u>

Note 8 Plant and machinery

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
Balance brought forward	3,513,543	
-Purchases	488,198	3,513,543
-Disposal	<u>-101,887</u>	<u>0</u>
Closing accumulated acquisition values	3,899,854	3,513,543
Balance brought forward	-685,719	
-Disposal	66,709	
-Depreciation	<u>-1,197,618</u>	<u>-685,719</u>
Closing accumulated depreciation	-1,816,628	-685,719
Closing residual value according to plan	<u>2,083,226</u>	<u>2,827,824</u>
<u>Parent company</u>		
Balance brought forward	2,459,349	
-Purchases	394,439	2,459,349
-Disposal	<u>-101,887</u>	<u>0</u>
Closing accumulated acquisition values	2,751,901	2,459,349
Balance brought forward	-531,840	
-Disposal	66,709	0
-Depreciation	<u>-909,974</u>	<u>-531,840</u>
Closing accumulated depreciation	-1,375,105	-531,840
Closing residual value according to plan	<u>1,376,796</u>	<u>1,927,509</u>

Note 9 Equipment, tools, fixtures and fittings

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
Balance brought forward	927,031	
-Purchases	<u>1,387,900</u>	<u>927,031</u>
Closing accumulated acquisition values	2,314,931	927,031
Balance brought forward	-87,136	
-Depreciation	-412,044	-87,136
Closing accumulated depreciation	<u>-499,180</u>	<u>-87,136</u>
Closing residual value according to plan	<u>1,815,751</u>	<u>839,895</u>
<u>Parent company</u>		
Balance brought forward	927,031	
-Purchases	<u>161,045</u>	<u>927,031</u>
Closing accumulated acquisition values	1,088,076	927,031
Balance brought forward	-87,136	
-Depreciation	<u>-208,690</u>	<u>-87,136</u>
Closing accumulated depreciation	-295,826	-87,136
Closing residual value according to plan	<u>792,250</u>	<u>839,895</u>

Note 10 Software

	1 Jan 2001 <u>-31 Dec 2001</u>	20 Jul 1999 <u>-31 Dec 2000</u>
<u>Group</u>		
Balance brought forward	158,399	
-Purchases	<u>108,429</u>	<u>158,399</u>
Closing accumulated acquisition values	266,828	158,399
Balance brought forward	-22,234	
-Depreciation	<u>-87,821</u>	<u>-22,234</u>
Closing accumulated depreciation	-110,055	-22,234
Closing residual value according to plan	<u>156,773</u>	<u>136,165</u>

Note 11 Costs of improvements to property

	1 Jan 2001 <u>-31 Dec 2001</u>	20 Jul 1999 <u>-31 Dec 2000</u>
<u>Group</u>		
Balance brought forward	229,496	
-Improvements	<u>3,198,021</u>	<u>229,496</u>
Closing accumulated acquisition values	3,427,517	229,496
Balance brought forward	0	
-Depreciations	<u>-666,527</u>	<u>0</u>
Closing accumulated depreciations	-666,527	0
Closing residual value according to plan	<u>2,760,990</u>	<u>229,496</u>

Parent company

Balance brought forward	0	
-Improvements	<u>220,226</u>	<u>0</u>
Closing accumulated acquisitions value	220,226	0
Balance brought forward	0	
-Depreciations	<u>-5,506</u>	<u>0</u>
Closing accumulated depreciations	-5,506	0
Closing residual value according to plan	<u>214,720</u>	<u>0</u>

Note 12 Vehicles

	1 Jan 2001 <u>-31 Dec 2001</u>	20 Jul 1999 <u>-31 Dec 2000</u>
<u>Group</u>		
Balance brought forward	348,540	
-Purchases / Sold	<u>-348,540</u>	<u>348,540</u>
Closing accumulated acquisition values	0	348,540
Balance brought forward	-14,522	
-Depreciation	<u>14,522</u>	<u>-14,522</u>
	0	
Closing accumulated depreciation		<u>-14,522</u>
Closing residual value according to plan	<u>0</u>	<u>334,018</u>

Note 13 Prepaid expenses and accrued income

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
Prepaid rents	569,608	331,257
Prepaid leasing	31,735	36,720
Accrued interest income	57,029	75,855
Prepaid insurance	233,622	197,760
Other prepaid expenses	<u>49,142</u>	<u>649,537</u>
Total	<u>941,136</u>	<u>1,291,129</u>
<u>Parent company</u>		
Prepaid rents	332,015	331,257
Prepaid leasing	31,735	36,720
Accrued interest income	57,029	75,855
Prepaid insurance	148,225	98,011
Other prepaid expenses	<u>31,816</u>	<u>649,537</u>
Total	<u>590,820</u>	<u>1,191,380</u>

Note 14 Change in equity

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
Restricted equity		
<u>Share capital</u>		
Amount at the beginning of the year	18,794,327	0
New capital issue	<u>4,250,000</u>	<u>18,794,327</u>
Amount at the end of the year	23,044,327	18,794,327

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Restricted reserves</u>		
Amount at the beginning of the year	130,672,842	0
New capital issue	17,963,807	110,493,392
Change in exchange difference	271,127	1,682,451
Deferred compensation	3,128,837	18,496,999
Adjustment from restricted equity to non-restricted equity	<u>-20,158,194</u>	<u>0</u>
Amount at the end of the year	131,878,419	130,672,842
Total restricted equity at the end of the year	<u>154,922,746</u>	<u>149,467,169</u>
Non-restricted equity		
Amount at the beginning of the year	-56,524,735	0
Adjustment from restricted equity to non-restricted equity	20,158,194	0
Net loss of the year	<u>-76,122,048</u>	<u>-56,524,735</u>
Total non-restricted equity at the end of the year	<u>-112,488,589</u>	<u>-56,524,735</u>
	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Parent company</u>		
Restricted equity		
<u>Share capital</u>		
Amount at the beginning of the year	18,794,327	0
New capital issue	4,250,000	18,794,327
Amount at the end of the year	23,044,327	18,794,327
<u>Share premium reserve</u>		
Amount at the beginning of the year	110,493,392	0
New capital issue	17,963,807	110,493,392
Amount at the end of the year	128,457,199	110,493,392
Total restricted equity at the end of the year	<u>151,501,526</u>	<u>129,287,719</u>
Non-restricted equity		
Amount at the beginning of the year	-26,766,196	0
Net loss of the year	<u>-38,166,364</u>	<u>-26,766,196</u>
Amount of the year	<u>-64,932,560</u>	<u>-26,766,196</u>

Global IP Sound issued 4,250,000 warrants at subscription price of 5.75SEK to those subscribers of the new common stock issue. The warrants can be exercised in the period 1 December 2001 through 14 November 2003.

Note 15 Accrued expenses and deferred income

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
Accrued holiday pay	755,953	237,301
Accrued social security contributions	302,917	798,364
Accrued special employer's contribution	370,190	117,654
Other items	<u>1,927,000</u>	<u>1,219,127</u>
Total	<u>3,356,060</u>	<u>2,372,446</u>
<u>Parent company</u>		
Accrued holiday pay	211,646	136,714
Accrued social security contributions	302,917	798,364
Accrued special employer's contribution	370,190	117,654
Other items	<u>588,219</u>	<u>292,500</u>
Total	<u>1,472,972</u>	<u>1,345,232</u>

Note 16 Other current investments

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
Book value	<u>5,412,501</u>	<u>0</u>
Market value or equivalent	<u>5,412,501</u>	<u>0</u>
<u>Parent company</u>		
Book value	<u>5,412,501</u>	<u>0</u>
Market value or equivalent	<u>5,412,501</u>	<u>0</u>

Note 17 Shares in group companies

<u>Company name</u>	<u>Registration No</u>	<u>Domicile</u>	<u>Owned to (%)</u>
Global IP Sound Optioner AB	556585-5383	Stockholm, Sweden	100
Global IP Sound Inc.	94-3352605	San Francisco, USA	100

<u>Parent company</u>	<u>Owned to %</u>	<u>Voting right %</u>	<u>Number of shares</u>	<u>Book value</u>
Global IP Sound Optioner AB	100	100	1,000	100,000
Global IP Sound Inc.	100	100	100,000	<u>8,669,216</u>
Sum				8,769,216

Global IP Sound Optioner AB has share capital of SEK 100,000. Equity amounts to SEK 91,622 Net loss of the year amounts to SEK 279.

Global IP Sound Inc. has a share capital of SEK 1,045. Equity amounts to SEK –38,878,435. Net loss of the year amounts to SEK 35,418,048.

Stockholm 18th March 2002

Roar Hagen
Interim CEO

Ditlef de Vibe
Chairman of the board

Lars Berg

Jörgen Axelsson

Jørgen Kjærnes

Ivar Hognestad

Our audit report has been issued on 8th April 2001
ÖHRLINGS PRICEWATERHOUSECOOPERS AB

Magnus Brändström
Authorised Public Accountant