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**Global IP Sound Reports First Quarter 2006 Financial Results**  
(reported in thousands of SEK and thousands of U.S. Dollars; **un-audited**)

STOCKHOLM – April 27, 2006 - Global IP Sound AB, the leading provider of embedded voice processing technologies, today reported its financial results for the first quarter ending March 31, 2006. The Company is now reporting its financial results in both Swedish Krona and U.S. Dollars.

Revenues for the first quarter of 2006 were SEK 30,079 (3,871 USD), a 167 percent increase from the first quarter of 2005, and a 15 percent increase over the prior quarter. Gross profit for the period was SEK 26,546 (3,416 USD) versus SEK 8,956 (1,292 USD) in the first quarter 2005. Gross profit margins for the first quarter of 2006 were 88 percent versus 87 percent in the prior quarter. Operating expenses were SEK 17,131 (2,204 USD) for the quarter, an increase of 115 percent compared to the same quarter in the previous year and a 16 percent increase from the fourth quarter of 2005. Net income for the first quarter of 2006 was SEK 9,395 (1,209 USD), a 23 percent increase from the fourth quarter of 2005. Net income margins were 31 percent versus 29 percent in the prior quarter.

Cash and short-term investments at the end of the first quarter were SEK 109,325 (14,070 USD), up from the ending balance from December 31, 2005 of SEK 108,519 (13,654 USD). For the first quarter of 2006, the Company generated SEK 2,815 (348 USD) in positive cash flow. Cash flow was less than the previous quarter due to the fact that the majority of contracts were executed late in the quarter. Total unearned revenue was SEK 67,316 (8,663 USD), up from the fourth quarter of 2005.

"GIPS continued to meet its expectations in the first quarter of 2006 by continuing to sign new customers and generate royalty income. This past quarter we executed 16 license agreements with customers such as Yahoo!, IBM, Tencent, Fusion Communication, Gaminia, Mitzumi, Cenwave, and Voice Technology. Voice Technology is significant in that it represents our first agreement in South America. The Yahoo! and Tencent agreements represented further commitments on behalf of those companies to the GIPS technology solution."

"Overall, the first quarter represents the best financial results in the history of the Company. It is also significant in that it is the first time officially that the Company is reporting its financial results in both Swedish Krona and the U.S. Dollars" said Edward Abbati, Chief Financial Officer of Global IP Sound.

"First quarter of 2006 marked a substantial milestone for Global IP Sound in that our product portfolio and business model have been fully validated by the market. With the addition of our new customers, products and patents, GIPS is poised for explosive growth. While we have remained optimistically cautious in the past, we believe that now is the time to capture significant market share and to leverage the unique position we have placed ourselves within the Voice-over-IP space," said Gary Hermansen, Chief Executive Officer of Global IP Sound.

Business highlights for the first quarter include:

- Increased revenue by 167 percent, to SEK 30,079 (3,871 USD), over same period last year
- Continued quarter-over-quarter sales growth of 15%
- All GIPS sales territories contributing revenue on an equal basis
- Signed 16 license agreements with major customers including Yahoo!, IBM, Tencent, Fusion Communication, Gaminia, Mitzumi, Cenwave, and Voice Technology
- Voice Technology represents the first South American country licensing GIPS solutions
- Increased customer deployments from 27 to 34
- Increased GIPS employee headcount in the areas of Sales, Marketing and Engineering
- Received two additional patents from US Patent Office
- Launched the GIPS Developer Community
- Expanded product portfolio with GIPS Border Interface Engine (BIE)

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This release may be deemed to contain forward-looking statements, which are subject to the safe harbor provisions of the Private Litigation Reform Act of 1995. These forward-looking statements include, among other things, statements regarding future events and the future financial performance of Global IP Sound that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. Among the important factors or risks that could cause actual results or events to differ materially from those in the forward-looking statements in this release are: business and economic conditions and growth trends in the networking industry and in various geographic regions; global economic conditions and uncertainties in the geopolitical environment; overall information technology spending; the growth of the Internet and levels of capital spending on Internet-based systems; variations in customer demand for products and services, including sales to the service provider market; changes in customer order patterns or customer mix; increased price competition; increased competition in the VoIP industry; dependence on the introduction and market acceptance of new product offerings and standards; rapid technological and market change; litigation involving patents, intellectual property, stockholder and other matters; the ability to recruit and retain key personnel; financial risk management; currency fluctuations and other international factors; and potential volatility in operating results. Any projections in this release are based on limited information currently available to Global IP Sound, which is subject to change. Although any such projections and the factors influencing them will likely change, Global IP Sound will not necessarily update the information, since Global IP Sound will only provide guidance at certain points during the year. Such information speaks only as of the date of this release.

**Global IP Sound, AB**  
*unaudited*

USD, in thousands

<b>Consolidated income statement</b>	<b>3 Months Ended</b>	
	<b>March 31, 2006</b>	<b>March 31, 2005</b>
License	3,439	1,330
Services	432	296
<b>Revenue</b>	<b>3,871</b>	<b>1,626</b>
<b>Cost of goods</b>		
Product	160	113
Services	295	221
<b>Total Cost of goods</b>	<b>455</b>	<b>334</b>
<b>Gross Profit</b>	<b>3,416</b>	<b>1,292</b>
<b>Information about the business activities</b>		
Selling expenses	1,093	552
Administrative expenses	760	377
Research and development expenses	351	221
<b>Operating expenses</b>	<b>2,204</b>	<b>1,150</b>
<b>Earnings Before Interest, Tax, Depr &amp; Amort</b>	<b>1,212</b>	<b>140</b>
Depreciation & Amortization	39	42
<b>Earnings Before Interest, Tax</b>	<b>1,173</b>	<b>100</b>
<b>Result from financial investments</b>		
Other interest income and similar profit/loss items	(130)	(12)
Interest expenses and similar profit/loss items	17	5
<b>Total result from financial investments</b>	<b>(113)</b>	<b>(7)</b>
<b>Result after financial items</b>	<b>1,286</b>	<b>107</b>
Tax	77	48
<b>Net profit (loss) for the period</b>	<b>1,209</b>	<b>59</b>
Earnings Per Share (Basic)	0.02	0.00
Average Outstanding Shares	53,220,168	49,545,168

USD, in thousands		
Consolidated balance sheet	March 31, 2006	March 31, 2005
<b>Assets</b>		
<b>Fixed assets</b>		
<b>Intangible fixed assets</b>		
Patents	290	250
Software	122	83
Purchased Technology	182	0
<b>Total intangible fixed assets</b>	<b>594</b>	<b>333</b>
<b>Tangible fixed assets</b>		
Plant and machinery		
Equipment, tools, fixtures and fittings	73	55
Costs of improvements to property	3	19
Vehicles	0	0
<b>Total tangible fixed assets</b>	<b>76</b>	<b>74</b>
<b>Financial fixed assets</b>		
Deposits	144	128
Deferred tax	1,539	1,876
Other long-term receivables	1,807	51
<b>Total financial fixed assets</b>	<b>3,490</b>	<b>2,055</b>
<b>Total fixed assets</b>	<b>4,160</b>	<b>2,462</b>
<b>Current assets</b>		
Current receivables	3,124	1,005
Short-term investments	0	299
Other current investments	4,278	3,488
Other current assets	111	40
Prepaid expenses and accrued income	121	78
<b>Sub-total</b>	<b>7,634</b>	<b>4,910</b>
Cash and Cash Equivalents	14,070	3,819
<b>Total current assets</b>	<b>21,704</b>	<b>8,729</b>
<b>Total assets</b>	<b>25,864</b>	<b>11,191</b>

USD, in thousands		
Equity and liabilities	March 31, 2006	March 31, 2005
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	715	666
Restricted reserves	36,557	31,886
Total restricted equity	37,272	32,552
<b>Non-restricted equity</b>		
Net loss previous year	-22,778	-26,269
Net loss of the year	1,209	59
Total non-restricted equity	-21,569	-26,210
<b>Total equity</b>	15,703	6,342
<b>Long-term liabilities</b>		
Unearned revenue, long-term	3,246	0
Long-term note	41	45
<b>Total long-term liabilities</b>	3,287	45
<b>Current liabilities</b>		
Accounts payable - trade	339	156
Other current liabilities	645	436
Unearned revenue	5,417	3,884
Accrued expenses and deferred income	473	328
<b>Total current liabilities</b>	6,874	4,804
<b>Total equity and liabilities</b>	25,864	11,191

USD, in thousands		
Consolidated cash flow statement	3 Months Ended	
	March 31, 2006	March 31, 2005
<b>Operating activities</b>		
Result after financial items	1,286	107
Adjustments for items not included in cash flow etc.	-314	-46
Depreciation and Amortization	-4	5
Tax	-35	-1
<b>Cash flow from operating activities before changes in working capital</b>	933	65
<b>Changes in working capital</b>		
Increase in assets <sup>(1)</sup>	-1,762	-606
Increase in liabilities <sup>(1)</sup>	885	1,090
<b>Cash flow from operating activities</b>	56	549
<b>Investing activities</b>		

Acquisitions of intangible assets	-124	-103
Acquisitions of machinery and equipment	4	36
Investment in financial assets <sup>(1)</sup>	59	159
Loans provided	0	0
<b>Cash flow from investing activities</b>	<b>-61</b>	<b>92</b>

**Financing activities**

Share premium upon issue of new shares <sup>(2)</sup>	353	88
Borrowings <sup>(1)</sup>	0	-3
Deferred compensation	0	0
<b>Cash flow from financing activities</b>	<b>353</b>	<b>85</b>

**Cash flow for the year**

	<b>348</b>	<b>726</b>
Liquid funds at the beginning of the period	13,654	3,266
Exchange difference, liquid funds	68	-173
<b>Liquid funds at the end of the period</b>	<b>14,070</b>	<b>3,819</b>

Footnotes:

(1) Certain non-cash balance sheet effects have been removed to better reflect cash flows

(2) Includes the Nortel warrant charge against Additional Paid-In-Capital

**Global IP Sound, AB**  
*unaudited*

Consolidated income statement	SEK, in thousands	
	3 Months Ended	
	March 31, 2006	March 31, 2005
License	26,724	9,218
Services	3,355	2,051
<b>Revenue</b>	<b>30,079</b>	<b>11,269</b>
<b>Cost of goods</b>		
Product	1,240	781
Services	2,293	1,532
<b>Total Cost of goods</b>	<b>3,533</b>	<b>2,313</b>
<b>Gross Profit</b>	<b>26,546</b>	<b>8,956</b>
<b>Information about the business activities</b>		
Selling expenses	8,497	3,828
Administrative expenses	5,906	2,616
Research and development expenses	2,728	1,532
<b>Operating expenses</b>	<b>17,131</b>	<b>7,975</b>
<b>Earnings Before Interest, Tax, Depr &amp; Amort</b>	<b>9,415</b>	<b>981</b>
Depreciation & Amortization	302	294
<b>Earnings Before Interest, Tax</b>	<b>9,113</b>	<b>687</b>
<b>Result from financial investments</b>		
Other interest income and similar profit/loss items	(1,010)	(87)
Interest expenses and similar profit/loss items	133	38
<b>Total result from financial investments</b>	<b>(877)</b>	<b>(50)</b>
<b>Result after financial items</b>	<b>9,990</b>	<b>736</b>
Tax	595	330
<b>Net profit (loss) for the period</b>	<b>9,395</b>	<b>406</b>
Earnings Per Share (Basic)	0.18	0.01
Average Outstanding Shares	53,220,168	49,545,168

<b>Consolidated balance sheet</b>		<b>SEK, in thousands</b>	
		<b>March 31, 2006</b>	<b>March 31, 2005</b>
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Patents	2,255	1,767	
Software	946	585	
Purchased Technology	1,413	0	
<b>Total intangible fixed assets</b>	<b>4,614</b>	<b>2,352</b>	
<b>Tangible fixed assets</b>			
Plant and machinery			
Equipment, tools, fixtures and fittings	564	387	
Costs of improvements to property	23	138	
Vehicles	0	0	
<b>Total tangible fixed assets</b>	<b>587</b>	<b>524</b>	
<b>Financial fixed assets</b>			
Deposits	1,117	904	
Deferred tax	11,959	13,257	
Other long-term receivables	14,043	360	
<b>Total financial fixed assets</b>	<b>27,119</b>	<b>14,522</b>	
<b>Total fixed assets</b>	<b>32,320</b>	<b>17,398</b>	
<b>Current assets</b>			
Current receivables	24,276	7,100	
Short-term investments	0	2,113	
Other current investments	33,243	24,643	
Other current assets	865	283	
Prepaid expenses and accrued income	942	554	
<b>Sub-total</b>	<b>59,326</b>	<b>34,692</b>	
Cash and Cash Equivalents	109,325	26,980	
<b>Total current assets</b>	<b>168,651</b>	<b>61,672</b>	
<b>Total assets</b>	<b>200,971</b>	<b>79,070</b>	



SEK, in thousands		
Equity and liabilities	March 31, 2006	March 31, 2005
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	5,340	4,955
Restricted reserves	272,323	231,395
Total restricted equity	277,663	236,350
<b>Non-restricted equity</b>		
Net result previous year	-165,045	-191,946
Net result current year	9,395	406
Total non-restricted equity	-155,650	-191,540
<b>Total equity</b>	122,013	44,810
<b>Long-term liabilities</b>		
Unearned revenue, long-term	25,221	0
Long-term note	321	321
<b>Total long-term liabilities</b>	25,542	321
<b>Current liabilities</b>		
Accounts payable - trade	2,632	1,101
Other current liabilities	5,016	3,072
Unearned revenue	42,095	27,445
Accrued expenses and deferred income	3,673	2,321
<b>Total current liabilities</b>	53,416	33,939
<b>Total equity and liabilities</b>	200,971	79,070

SEK, in thousands		
Consolidated cash flow statement	3 Months Ended	
	March 31, 2006	March 31, 2005
<b>Operating activities</b>		
Result after financial items	9,990	736
Adjustments for items not included in cash flow etc.	-2,266	-324
Depreciation and Amortization	-244	498
Tax	-270	-6
<b>Cash flow from operating activities before changes in working capital</b>	7,210	905
<b>Changes in working capital</b>		
Increase in assets <sup>(1)</sup>	-12,652	-5,971
Increase in liabilities <sup>(1)</sup>	5,815	9,163
<b>Cash flow from operating activities</b>	373	4,097
<b>Investing activities</b>		

Acquisitions of intangible assets	-853	-848
Acquisitions of machinery and equipment	-252	-223
Investment in financial assets <sup>(1)</sup>	764	275
Loans provided	0	-23
<b>Cash flow from investing activities</b>	<b>-341</b>	<b>-819</b>

**Financing activities**

Share premium upon issue of new shares <sup>(2)</sup>	2,783	612
Borrowings <sup>(1)</sup>	0	0
Deferred compensation	0	0
<b>Cash flow from financing activities</b>	<b>2,783</b>	<b>612</b>

**Cash flow for the year**

	<b>2,815</b>	<b>3,890</b>
Liquid funds at the beginning of the period	108,518	21,792
Exchange difference, liquid funds	-2,008	1,299
<b>Liquid funds at the end of the period</b>	<b>109,325</b>	<b>26,980</b>

Footnotes:

(1) Certain non-cash balance sheet effects have been removed to better reflect cash flows

(2) Includes the Nortel warrant charge against Additional Paid-In-Capital