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**Global IP Sound Reports Second Quarter 2004 Results**

(reported in thousands of SEK)

STOCKHOLM – August 10, 2004 - Global IP Sound AB, a leading provider of embedded voice processing technologies, today reported its financial results for the second quarter ended June 30, 2004.

Revenues for the second quarter of 2004 were SEK 5,475, a 38 percent increase from the first quarter of 2004, and a 112 percent increase over the previous year's quarter.

Unearned revenue (based on multi-year contract bookings in which revenue must be recognized over an extended period) increased to SEK 11,045, a 61 percent increase compared to the first quarter of 2004. Gross Profit for the period was SEK 4,807. The Gross Profit was reduced due to the cost of the warrants (SEK 660 for the current quarter) provided to Nortel under the new licensing agreement effective April 2004. The total cost of the warrants (SEK 7,978) will be amortized over the three-year life of the agreement.

Operating expenses were SEK 7,120 for the quarter, which was a decrease of 26 percent compared to the same quarter in the previous year and a 13 percent increase from the first quarter of 2004. The quarter-to-quarter increase is attributed to higher sales costs due to expanded sales activity. Net loss for the second quarter of 2004 improved to SEK 3,604, compared to a loss of SEK 7,456 for the same period in the previous year.

Cash at the end of the second quarter was SEK 25,417, as compare to the ending balance figure from March 31, 2004 of SEK 6,765. Through a private placement to existing investors, the Company raised net SEK 21,582, which contributed to the majority of the cash increase.

"The Company continues to show solid growth performance with six new OEM license agreements that include Nortel, Logitech, TalkExpress, Clique Communication, New Heights Software and one chip manufacture. Revenues from the quarter were from both new contracts plus existing agreements," said Edward Abbati, chief financial officer of Global IP Sound.

"With the VoIP market starting to accelerate and the new investment in the Company, Global IP Sound is solidly positioned. The expanded license relationship with Nortel Networks and strategic investment in the company has affirmed our position as the industry-leading supplier of proven voice processing software. GIPS continues to experience significant revenue growth from new license agreements. In addition, the outlook is positive for new tier one customers and licensing revenue from existing customer product shipments. Our sales pipeline has continued to grow to 80+ accounts, with focus on the Tier One applications market," said Gary Hermansen, Chief Executive Officer of Global IP Sound.

Business highlights for the quarter include:

- Completion of an investment round raising NOK 21 million in an offering of 7 million new shares
- Issued share purchase warrants to Nortel Networks
- Increased revenue by 312 percent, to SEK 5,475, over same period last year
- Reduced operating expenses by 26 percent over same period last year
- Signed new license agreements with Nortel, Logitech, TalkExpress, Clique Communication, New Heights Software and one chip manufacture
- Deployed software reached more than 17 million end points (measured by downloads and shipments)
- Expanded customer list to 80 active accounts

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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.

| <b>Global IP Sound, AB</b>                             |  |                       |                      |                       |                      |
|--|--|-----------------------|----------------------|-----------------------|----------------------|
| <i>unaudited, in thousands SEK</i>                     |  |                       |                      |                       |                      |
|  |  |                       |                      |                       |                      |
|  |  | <b>3 Months Ended</b> |                      | <b>6 Months Ended</b> |                      |
| <b>Consolidated income statement</b>                   |  | <b>June 30, 2004</b>  | <b>June 30, 2003</b> | <b>June 30, 2004</b>  | <b>June 30, 2003</b> |
| License  |  | 4,316                 | 2,347                | 6,744                 | 2,376                |
| Services   |  | 1,159                 | 232                  | 2,705                 | 1,154                |
| <b>Net Turnover</b>                                    |  | <b>5,475</b>          | <b>2,579</b>         | <b>9,449</b>          | <b>3,530</b>         |
| Cost of goods  |  | 668                   | 0                    | 730                   | 0                    |
| <b>Gross Profit</b>                                    |  | <b>4,807</b>          | <b>2,579</b>         | <b>8,719</b>          | <b>3,530</b>         |
| <b>Information about the business activities</b>       |  |                       |                      |                       |                      |
| Selling expenses                                       |  | 1,829                 | 2,167                | 3,346                 | 4,536                |
| Administrative expenses                                |  | 2,394                 | 3,246                | 4,874                 | 6,914                |
| Research and development costs                         |  | 2,898                 | 4,148                | 5,223                 | 8,614                |
| Operating expenses                                     |  | 7,120                 | 9,561                | 13,443                | 20,064               |
| <b>Earnings Before Interest, Tax, Depr &amp; Amort</b> |  | <b>-2,313</b>         | <b>-6,982</b>        | <b>-4,723</b>         | <b>-16,534</b>       |
| Depreciation & Amortization                            |  | 1,840                 | 493                  | 3,679                 | 1,036                |
| <b>Earnings Before Interest, Tax, Depr &amp; Amort</b> |  | <b>-4,153</b>         | <b>-7,475</b>        | <b>-8,402</b>         | <b>-17,570</b>       |
| <b>Result from financial investments</b>               |  |                       |                      |                       |                      |
| Other interest income and similar profit/loss items    |  | -80                   | -34                  | -125                  | -175                 |
| Interest expenses and similar profit/loss items        |  | 42                    | 17                   | 64                    | 59                   |
| <b>Total result from financial investments</b>         |  | <b>-38</b>            | <b>-17</b>           | <b>-61</b>            | <b>-117</b>          |
| <b>Result after financial items</b>                    |  | <b>-4,115</b>         | <b>-7,458</b>        | <b>-8,341</b>         | <b>-17,454</b>       |
| State tax  |  | 7                     | -2                   | 18                    | 25                   |
| <b>Net loss for the year</b>                           |  | <b>-4,122</b>         | <b>-7,456</b>        | <b>-8,359</b>         | <b>-17,479</b>       |
|  |  | -                     | -                    | -                     | -                    |
| Earnings Per Share (Basic)                             |  | -0.09                 | -0.28                | -0.19                 | -0.65                |
| Average Outstanding Shares                             |  | 46,045,168            | 26,879,758           | 44,295,168            | 26,879,758           |
| <b>Consolidated balance sheet</b>                      |  |                       |                      | <b>June 30, 2004</b>  | <b>June 30, 2003</b> |
| <b>Assets</b>  |  |                       |                      |                       |                      |
| Fixed assets   |  |                       |                      |                       |                      |
| Intangible fixed assets                                |  |                       |                      |                       |                      |
| Patents  |  |                       |                      | 40,361                | 1,373                |
| Tangible fixed assets                                  |  |                       |                      |                       |                      |
| Plant and machinery                                    |  |                       |                      |                       |                      |
| Equipment, tools, fixtures and fittings                |  |                       |                      | 699                   | 1,559                |
| Software   |  |                       |                      | 0                     | 26                   |

|   |  |  |  |                       |                      |
|---|--|--|--|-----------------------|----------------------|
| Costs of improvements to property       |  |  |  | 549                   | 1,310                |
| Vehicles                                |  |  |  | 0                     | 0                    |
|   |  |  |  | 1,248                 | 2,895                |
|   |  |  |  |                       |                      |
| Financial fixed assets                  |  |  |  |                       |                      |
| Deposits                                |  |  |  | 1,063                 | 2,023                |
| Other long-term receivables             |  |  |  | 1,592                 | 1,643                |
|   |  |  |  | 2,655                 | 3,667                |
|   |  |  |  |                       |                      |
| Total fixed assets                      |  |  |  | 44,264                | 7,934                |
|   |  |  |  |                       |                      |
| Current assets                          |  |  |  |                       |                      |
| Current receivables                     |  |  |  |                       |                      |
|   |  |  |  | 7,687                 | 2,048                |
| Other current investments               |  |  |  | 8,671                 | 1,758                |
| Other current receivables               |  |  |  | 561                   | 538                  |
| Prepaid expenses and accrued income     |  |  |  | 674                   | 907                  |
|   |  |  |  | 17,593                | 5,251                |
|   |  |  |  |                       |                      |
| Cash and bank balance                   |  |  |  |                       |                      |
|   |  |  |  | 25,417                | 5,531                |
|   |  |  |  |                       |                      |
| Total current assets                    |  |  |  | 43,010                | 10,781               |
|   |  |  |  |                       |                      |
| Total assets                            |  |  |  | 87,274                | 18,716               |
|   |  |  |  |                       |                      |
|   |  |  |  |                       |                      |
|   |  |  |  |                       |                      |
|   |  |  |  |                       |                      |
| <b>Equity and liabilities</b>           |  |  |  | <b>June 30, 2004</b>  | <b>June 30, 2003</b> |
|   |  |  |  |                       |                      |
| <b>Equity</b>                           |  |  |  |                       |                      |
|   |  |  |  |                       |                      |
| Restricted equity                       |  |  |  |                       |                      |
| Share capital                           |  |  |  | 4,955                 | 2,688                |
| Restricted reserves                     |  |  |  | 205,487               | 168,623              |
| Total restricted equity                 |  |  |  | 210,442               | 171,311              |
|   |  |  |  |                       |                      |
| Non-restricted equity                   |  |  |  |                       |                      |
| Net loss previous year                  |  |  |  | -131,821              | -142,733             |
| Net loss of the year                    |  |  |  | -8,359                | -17,479              |
| Total non-restricted equity             |  |  |  | -140,180              | -160,212             |
|   |  |  |  |                       |                      |
| <b>Total equity</b>                     |  |  |  | 70,262                | 11,099               |
|   |  |  |  |                       |                      |
| <b>Long-term liabilities</b>            |  |  |  |                       |                      |
| Long-term note                          |  |  |  | 111                   | 46                   |
| <b>Total long-term liabilities</b>      |  |  |  | 111                   | 46                   |
|   |  |  |  |                       |                      |
| <b>Current liabilities</b>              |  |  |  |                       |                      |
| Accounts payable - trade                |  |  |  | 1,587                 | 1,800                |
| Other current liabilities               |  |  |  | 1,987                 | 2,135                |
| Unearned revenue                        |  |  |  | 11,045                | 1,999                |
| Accrued expenses and deferred income    |  |  |  | 2,282                 | 1,636                |
| <b>Total current liabilities</b>        |  |  |  | 16,901                | 7,570                |
|   |  |  |  |                       |                      |
| <b>Total equity and liabilities</b>     |  |  |  | 87,274                | 18,716               |
|   |  |  |  |                       |                      |
|   |  |  |  |                       |                      |
|   |  |  |  |                       |                      |
| <b>Consolidated cash flow statement</b> |  |  |  | <b>6 Months Ended</b> |                      |
|   |  |  |  | <b>June 30, 2004</b>  | <b>June 30, 2003</b> |

|  |  |  |  |        |        |
|--|--|--|--|--------|--------|
|  |  |  |  |        |        |
| <b>Operating activities</b>                          |  |  |  |        |        |
| Result after financial items                         |  |  |  | -4,115 | -7,458 |
| Adjustments for items not included in cash flow etc. |  |  |  | 0      | 0      |
| Warrants   |  |  |  | 665    |        |
| Depreciation and Amortization                        |  |  |  | 1,828  | 208    |
| Tax  |  |  |  | -7     | 2      |
| <b>Cash flow from operating activities</b>           |  |  |  |        |        |
| <b>before changes in working capital</b>             |  |  |  | -1,629 | -7,248 |
|  |  |  |  |        |        |
|  |  |  |  |        |        |
| <b>Changes in working capital</b>                    |  |  |  |        |        |
| Increase in receivables                              |  |  |  | -7,349 | -3,642 |
| Increase in accounts payables                        |  |  |  | 6,097  | 2,626  |
| <b>Cash flow from operating activities</b>           |  |  |  | -1,252 | -1,016 |
|  |  |  |  |        |        |
| <b>Investing activities</b>                          |  |  |  |        |        |
| Acquisitions of intangible assets                    |  |  |  | 0      | 0      |
| Acquisitions of machinery and equipment              |  |  |  | -23    | 300    |
| Investment in financial assets                       |  |  |  | 3      | 230    |
| Loans provided                                       |  |  |  | -6     | 85     |
| <b>Cash flow from investing activities</b>           |  |  |  | -27    | 615    |
|  |  |  |  |        |        |
|  |  |  |  |        |        |
| <b>Financing activities</b>                          |  |  |  |        |        |
| Share premium upon issue of new shares               |  |  |  | 21,582 | 0      |
| Proceeds from new borrowings                         |  |  |  | 0      | 0      |
| Deferred compensation                                |  |  |  | 0      | 0      |
| <b>Cash flow from financing activities</b>           |  |  |  | 21,582 | 0      |
|  |  |  |  |        |        |
| <b>Cash flow for the year</b>                        |  |  |  | 18,674 | -7,649 |
| Liquid funds at the beginning of the year            |  |  |  | 6,765  | 13,604 |
| Exchange difference, liquid funds                    |  |  |  | -23    | -424   |
| <b>Liquid funds at the end of the year</b>           |  |  |  | 25,417 | 5,531  |
|  |  |  |  |        |        |