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**Global IP Sound Reports Fourth Quarter 2004 Results**  
(reported in thousands of SEK; **unaudited**)

STOCKHOLM – January 18, 2005 - Global IP Sound AB, a leading provider of embedded voice processing technologies, today reported its financial results for the fourth quarter ending December 31, 2004.

Revenues for the fourth quarter of 2004 were SEK 10,213, a 34 percent increase from the third quarter of 2004, and a 333 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 20,118, a 21 percent increase compared to the third quarter of 2004. Gross Profit for the period was SEK 9,582. Operating expenses were SEK 9,872 for the quarter, which was an increase of 16 percent compared to the same quarter in the previous year and a 25 percent increase from the third quarter of 2004. The quarter-to-quarter increase is attributed to higher sales costs due to expanded sales activity and bad debt reserves. EBITDA was near breakeven at a loss of SEK 290 versus a 2003 loss of SEK 6,173.

Revenue for the year of 2004 was SEK 27,301, a 267 percent increase from 2003. EBITDA loss was SEK 5,938 for the year versus a 2003 loss of SEK 29,013. Net loss for the year was SEK 13,298, compared to a profit of SEK 10,912 for the same period in the previous year. The 2003 profit was solely attributed to the onetime extraordinary gain (SEK 41,680) from the restructure of the Company's assets.

Cash at the end of the first quarter was SEK 23,577, as compared to the ending balance figure from September 30, 2004 of SEK 22,846. The SEK 731 increase in cash was attributed to the Company's first cash flow positive quarter. "The company continues to show solid growth performance with 11 new OEM license agreements that include UTStarcom, Net2Phone, RAD Data Communications and one market leading US ISP; increase in the unearned revenue balance and positive operational cash flow". Said Edward Abbati, Chief Financial Officer of Global IP Sound.

"Q4 marked a significant milestone for Global IP Sound in that we achieved positive cash flow and near profitability on an EBITDA basis. Our revenue grew 30+% quarter to quarter, led mostly by new contracts. We are encouraged by our progress, particularly with Tier One enterprise application companies, and remain cautiously optimistic as we await royalty deployments in the second half of 2005." Said Gary Hermansen, Chief Executive Officer of Global IP Sound.

Business highlights for the 4<sup>th</sup> quarter include:

- Increased revenue by 333 percent, to SEK 10,213, over same period last year
- Generated a positive cash flow
- Signed 11 new license agreements with major customers including Net2Phone, UTStarcom, RAD Data Communications, a web collaboration developer and a market leading US ISP
- Deployed software reached more than 50 million end points (measured by downloads and shipments)
- Expanded customer list to 49 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>12 Months Ended</b>	
<b>Consolidated income statement</b>		<b>December 31, 2004</b>	<b>December 31, 2003</b>	<b>December 31, 2004</b>	<b>December 31, 2003</b>
License		8,311	(109)	21,123	2,265
Services		1,902	2,468	6,178	5,167
<b>Net Revenue</b>		<b>10,213</b>	<b>2,359</b>	<b>27,301</b>	<b>7,432</b>
Cost of goods		631	0	2,036	0
<b>Gross Profit</b>		<b>9,582</b>	<b>2,359</b>	<b>25,266</b>	<b>7,432</b>
<b>Information about the business activities</b>					
Selling expenses		4,417	1,846	10,530	8,183
Administrative expenses		2,950	4,010	10,407	14,256
Research and development expenses		2,505	2,676	10,267	14,006
Operating expenses		9,872	8,532	31,204	36,445
<b>Earnings Before Interest, Tax, Depr &amp; Amort</b>		<b>-290</b>	<b>-6,173</b>	<b>-5,938</b>	<b>-29,013</b>
Depreciation & Amortization		1,809	355	7,315	1,822
<b>Earnings Before Interest, Tax</b>		<b>-2,099</b>	<b>-6,528</b>	<b>-13,253</b>	<b>-30,835</b>
<b>Result from financial investments</b>					
Other interest income and similar profit/loss items		-187	-41,665	-351	-41,941
Interest expenses and similar profit/loss items		128	67	380	169
<b>Total result from financial investments</b>		<b>-59</b>	<b>-41,598</b>	<b>28</b>	<b>-41,772</b>
<b>Result after financial items</b>		<b>-2,040</b>	<b>35,070</b>	<b>-13,281</b>	<b>10,937</b>
State tax		0	-1	17	25
<b>Net loss for the period</b>		<b>-2,040</b>	<b>35,070</b>	<b>-13,298</b>	<b>10,912</b>
Earnings Per Share (Basic)		-0.04	0.82	-0.28	0.33
Average Outstanding Shares		49,545,168	42,545,168	46,920,168	32,754,287
<b>Consolidated balance sheet</b>					
				<b>December 31, 2004</b>	<b>December 31, 2003</b>
<b>Assets</b>					
<b>Fixed assets</b>					
<b>Intangible fixed assets</b>					
Patents				37,256	43,466
<b>Tangible fixed assets</b>					
Plant and machinery					
Equipment, tools, fixtures and fittings				374	918
Software				69	2
Costs of improvements to property				330	812
Vehicles				0	0

<b>Total tangible fixed assets</b>				773	1,732
<b>Financial fixed assets</b>					
Deposits				854	1,925
Other long-term receivables				338	1,500
<b>Total financial fixed assets</b>				1,192	3,425
<b>Total fixed assets</b>				39,221	48,622
<b>Current assets</b>					
Current receivables				9,503	3,224
Other current investments				16,233	4,430
Other current receivables				359	503
Prepaid expenses and accrued income				715	726
<b>Sub-total</b>				26,809	8,882
Cash and Cash Equivalents				23,577	11,283
<b>Total current assets</b>				50,386	20,165
<b>Total assets</b>				89,607	68,787
<b>Equity and liabilities</b>				<b>12 Months Ended</b>	
				<b>December 31, 2004</b>	<b>December 31, 2003</b>
<b>Equity</b>					
<b>Restricted equity</b>					
Share capital				4,955	4,255
Restricted reserves				204,813	183,858
Total restricted equity				209,767	188,112
<b>Non-restricted equity</b>					
Net loss previous year				-131,821	-142,733
Net loss of the year				-13,298	10,912
Total non-restricted equity				-145,119	-131,821
<b>Total equity</b>				64,648	56,291
<b>Long-term liabilities</b>					
Long-term note				111	111
<b>Total long-term liabilities</b>				111	111
<b>Current liabilities</b>					
Accounts payable - trade				1,172	3,012
Other current liabilities				2,028	1,523
Unearned revenue				20,118	6,418
Accrued expenses and deferred income				1,531	1,432
<b>Total current liabilities</b>				24,848	12,385
<b>Total equity and liabilities</b>				89,607	68,787
<b>Consolidated cash flow statement</b>				<b>12 Months Ended</b>	
				<b>December 31, 2004</b>	<b>December 31, 2003</b>
<b>Operating activities</b>					
Result after financial items				-13,281	10,937
Adjustments for items not included in cash flow etc.				2,760	1,148

Depreciation and Amortization			7,056	1,425
Tax			-17	-25
<b>Cash flow from operating activities</b>				
<b>before changes in working capital</b>			-3,482	13,485
<b>Changes in working capital</b>				
Increase in receivables			-17,927	-7,045
Increase in accounts payables			12,463	6,756
<b>Cash flow from operating activities</b>			-5,464	-289
<b>Investing activities</b>				
Acquisitions of intangible assets			0	-42,106
Acquisitions of machinery and equipment			112	792
Investment in financial assets			1,071	420
Loans provided			1,163	260
<b>Cash flow from investing activities</b>			2,345	-40,634
<b>Financing activities</b>				
Share premium upon issue of new shares			24,612	17,462
Borrowings			0	64
Warrants			-1,974	0
Deferred compensation			-786	-1,148
<b>Cash flow from financing activities</b>			21,852	16,379
<b>Cash flow for the year</b>			15,251	-11,059
Liquid funds at the beginning of the period			11,283	23,633
Exchange difference, liquid funds			-2,957	-1,290
<b>Liquid funds at the end of the period</b>			23,577	11,283