



For additional information, contact:

Edward Abbati, CFO
Global IP Sound
+1.415.397.2555
edward.abbati@globalipsound.com

Donna Candelori
Candelori Communications
+1.408.774.3414
dcandelori@candelori.com

Global IP Sound Reports Fourth Quarter and Full Year 2005 Financial Results
(reported in thousands of SEK; **un-audited**)

STOCKHOLM – January 26, 2006 - Global IP Sound AB, the leading provider of embedded voice processing technologies, today reported its financial results for the fourth quarter and full year ending December 31, 2005.

Revenues for the fourth quarter of 2005 were SEK 26,106, a 156 percent increase from the fourth quarter of 2004, and a 61 percent increase over the prior quarter. Gross profit for the period was SEK 22,628 versus SEK 13,656 in the third quarter 2005. Operating expenses were SEK 14,747 for the quarter, which was an increase of 49 percent compared to the same quarter in the previous year and a 56 percent increase from the third quarter of 2005.

Net income for the fourth quarter of 2005 was SEK 7,652, a 63 percent increase from the third quarter of 2005. Cash and short-term investments at the end of the fourth quarter were SEK 108,519, as compared to the ending balance from September 30, 2005 of SEK 85,535. For the year of 2005, the Company generated SEK 82,007 in cash flow of which SEK 51,309 was attributed to financing activities and the remaining SEK 30,698 was attributed to cash generated through the operations. Due to an accounting change, Unearned revenue was split between Current liabilities and Long-term liabilities to best reflect the timing of when revenue can be recognized. Total Unearned revenue was SEK 63,837, slightly lower than the third quarter of 2005 which was in line with managements expectations.

Revenues for the full year of 2005 were SEK 66,138, a 142 percent increase from 2004. Gross profit for the year was SEK 54,953 versus SEK 25,266 in the 2004. Operating expenses were SEK 40,912 for the year, which was an increase of 31 percent, compared the previous year.

Net income for the full year of 2005 was SEK 13,321 compare to a loss of SEK 35,443 in 2004.

"GIPS exceeded expectations in Q4 by continuing to sign new customers, as well as reaping the benefits of its past success in the form of increased royalty revenue. This past quarter we signed

15 new license agreements with customers such as Yahoo, Conexant, Ayalogic, Green Packet, Net263 and two major Asian equipment manufacturers. Royalty payments also increased 142 percent over the prior quarter, accounting for 32 percent of the overall revenue for the year. While there were significant increases in expenses, the increases were in line with management expectations due to the ramp up in the Asian operation and sales commissions. Overall, the fourth quarter represents the best financial results in the history of the Company," said Edward Abbati, Chief Financial Officer of Global IP Sound.

"Q4 was the most successful quarter to date for GIPS. We saw increased traction in the rapidly growing Asian market, as our new office in Hong Kong generated a great amount of customer interest in our technology. We were also able to maintain our success in the VoIP hardware market by signing contracts with multiple chip manufacturers and ODMs (Original Development Manufacturer). In addition, we continued our commitment to product development and technological innovation while exhibiting rapid and sustainable growth," said Gary Hermansen, Chief Executive Officer of Global IP Sound.

Business highlights for the fourth quarter include:

- Increased revenue by 156 percent, to SEK 26,106, over same period last year
- Continued quarter-over-quarter sales growth of 61%
- Signed 15 new license agreements with major customers including Yahoo, Conexant, and two major Asian equipment manufacturers
- Continued success in the hardware and Asian markets by signing 9 agreements
- Saw increased customer deployment leading to 46 percent of revenue from royalties
- Expanded product portfolio with Voice Quality Enhancement for ATAs and new releases of VoiceEngine Mobile
- Expanded customer list to 100+ 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.

Global IP Sound, AB

unaudited, in thousands SEK

	3 Months Ended		12 Months Ended	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Consolidated income statement				
License	22,684	8,311	55,034	21,123
Services	3,422	1,902	11,104	6,178
Revenue	26,106	10,213	66,138	27,301
Cost of goods				
Product	1,164	631	3,785	2,036
Services	2,314	-	7,400	-
Total Cost of goods	3,478	631	11,185	2,036
Gross Profit	22,628	9,582	54,953	25,266
Information about the business activities				
Selling expenses	7,824	4,417	20,272	10,530
Administrative expenses	4,626	2,951	12,890	10,408
Research and development expenses	2,297	2,505	7,750	10,267
Operating expenses	14,747	9,873	40,912	31,205
Earnings Before Interest, Tax, Depr & Amort	7,881	(291)	14,041	(5,939)
Depreciation & Amortization	325	320	1,131	1,360
Earnings Before Interest, Tax	7,556	(611)	12,910	(7,299)
Result from financial investments				
Other interest income and similar profit/loss items	(555)	41,493	(1,950)	41,328
Interest expenses and similar profit/loss items	120	128	215	380
Total result from financial investments	(435)	41,621	(1,735)	41,708
Result after financial items	7,991	(42,232)	14,645	(49,007)
Tax	339	(13,582)	1,324	(13,564)
Net profit (loss) for the period	7,652	(28,650)	13,321	(35,443)
Earnings Per Share (Basic)	0.14	(0.58)	0.26	(0.76)
Average Outstanding Shares	53,045,168	49,545,168	50,857,668	46,920,168

Consolidated balance sheet**Assets****Fixed assets****Intangible fixed assets**

Patents	2,100	1,531
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Tangible fixed assets

Plant and machinery		
Equipment, tools, fixtures and fittings	381	472
Software	110	69
Purchased Technology	1,705	0
Costs of improvements to property	27	232
Vehicles	0	0
Total tangible fixed assets	2,223	773

Financial fixed assets

Deposits	1,143	854
Deferred tax	12,284	13,582
Other long-term receivables	12,846	338
Total financial fixed assets	26,273	14,773

Total fixed assets

30,596	17,078
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Current assets

Current receivables	19,857	9,456
Short-term investments	0	1,995
Other current investments	24,971	16,197
Other current receivables	360	359
Prepaid expenses and accrued income	1,047	715
Sub-total	46,235	28,721

Cash and Cash Equivalents

108,519	21,791
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Total current assets

154,754	50,512
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Total assets

185,350	67,591
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December 31, 2005 **December 31, 2004****Equity****Restricted equity**

Share capital	5,305	4,955
Restricted reserves	285,165	229,484
Total restricted equity	290,470	234,439

Non-restricted equity

Net loss previous year	-191,946	-156,503
Net loss of the year	13,321	-35,443
Total non-restricted equity	-178,625	-191,946

Total equity

111,845	42,493
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Long-term liabilities

Unearned revenue, long-term	25,598	0
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Long-term note	321	321
Total long-term liabilities	25,919	321
Current liabilities		
Accounts payable – trade	1,900	1,172
Other current liabilities	4,938	2,028
Unearned revenue	38,239	20,046
Accrued expenses and deferred income	2,509	1,531
Total current liabilities	47,586	24,776
Total equity and liabilities	185,350	67,591

Consolidated cash flow statement	12 Months Ended	
	December 31, 2005	December 31, 2004
Operating activities		
Result after financial items	14,645	-49,007
Adjustments for items not included in cash flow etc.	0	42,721
Depreciation and Amortization	1,820	846
Tax	-1,324	-200
Cash flow from operating activities before changes in working capital	15,141	-5,640
Changes in working capital		
Increase in current assets ⁽¹⁾	-29,920	-17,663
Increase in current liabilities ⁽¹⁾	48,409	12,391
Cash flow from operating activities	33,630	-10,911
Investing activities		
Acquisitions of intangible assets	-861	0
Acquisitions of machinery and equipment	-2,979	112
Investment in financial assets ⁽¹⁾	985	-924
Loans repaid	0	1,500
Loans provided	-77	-338
Cash flow from investing activities	-2,932	350
Financing activities		
Share premium upon issue of new shares ⁽²⁾	51,309	23,826
Borrowings ⁽¹⁾	0	211
Deferred compensation	0	0
Cash flow from financing activities	51,309	24,036
Cash flow for the year	82,007	13,475
Liquid funds at the beginning of the period	21,791	11,283
Exchange difference, liquid funds	4,721	-2,967
Liquid funds at the end of the period	108,519	21,791

Footnotes:

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

(2) 2005 includes the Nortel warrant charge against Additional Paid-In-Capital