



For additional information, contact:

William Scharninghausen, CFO
Global IP Solutions
+1 (415) 397-2555
ir@gipscorp.com

John Gallagher
GIPS Investor Relations
+1 (415) 397-4856
ir@gipscorp.com

Global IP Sound AB Reports Fourth Quarter 2006 Financial Results
(Reported in thousands of U.S. Dollars and thousands of SEK; un-audited)

STOCKHOLM – February 6, 2007 - Global IP Sound AB, the leading provider of embedded media processing technologies, today reported its financial results for the fourth quarter ending December 31, 2006. The Company is reporting its financial results in both Swedish Krona and U.S. Dollars.

Revenues for the fourth quarter of 2006 were 5,093 USD (SEK 36,373), a 51 percent increase from the fourth quarter of 2005, and a 6 percent increase from the prior quarter. Gross profit for the fourth quarter was 4,491 USD (SEK 32,091) compared to 4,109 USD (SEK 30,004) in the third quarter 2006. Gross profit margins for the fourth quarter of 2006 were 88 percent, higher than the prior quarter percentage of 85. Operating expenses were 3,297 USD (SEK 23,590) for the quarter, representing a 10 percent increase from the third quarter of 2006.

EBITDA for the quarter was 1,194 USD (SEK 8,501), representing an 8 percent increase from the third quarter. Net income for the quarter was 814 USD (SEK 5,383), an 81 percent decrease from the prior quarter. Net income margins were 16 percent versus 89 percent in the prior quarter. These decreases were primarily the result of a positive, one-time lawsuit settlement for the company in the third quarter.

Revenues for the full year of 2006 were 17,089 USD (SEK 126,032), a 93 percent increase from 2005. Gross Profit margins for the year were 87 percent. Operating expenses were 10,647 USD (SEK 78,524) for the year, an increase of 95 percent compared to 2005. EBITDA for the year was 4,213 USD (SEK 31,069) a 25 percent margin and a 124 percent increase over 2005. Net income for the full year of 2006 was 7,064 USD (SEK 52,094), a 296 percent increase compared to the full year of 2005. Net income margins were 41 percent versus 20 percent in the prior year.

Cash and equivalents at the end of the fourth quarter were 15,836 USD (SEK 108,298), down from the ending balance at September 30, 2006 of 17,655 USD (SEK 129,120). For year to date 2006, the company generated 3,219 USD (SEK 22,431) in positive operating cash flow. The company's net cash flow for the 12

months was 1,334 USD (SEK 12,990). The decrease in the company's cash position is due, in part, to a payment for an exclusive license for the Espré Solutions' video technology, which is now integrated with the company's existing voice processing technology. In addition, the cash was further reduced by an estimated tax payment.

"The company continues to show positive earnings with eight consecutive profitable quarters. Revenue continues to grow with 25 agreements, 21 of which were new design wins. The company also signed Tier 1 customers, including Oracle and SK Communications.", said William Scharninghausen, Chief Financial Officer of Global IP Solutions.

"The company has a challenging year ahead, as we progress in 2007. We have re-branded the company to Global IP Solutions which reflects our expansion and have also recruited a new CFO, William Scharninghausen, to support our strategy going forward. The company has managed to nearly double revenue growth from 2005," said Gary Hermansen, Chief Executive Officer of Global IP Solutions. "We have licensed new video technology and signed a definitive agreement to acquire CrystalVoice."

Business highlights for the fourth quarter include:

- Increased 2006 revenue by 93 percent, to 17,089 USD (SEK 126,032), compared to 2005
- Increased revenue by 51 percent, to 5,093 USD (SEK 36,373), over the prior year quarter
- Signed 25 agreements, including major Tier 1 customers such as Oracle, LG, Net2Phone, IBM/Lotus, SK Communications and Texas Instruments.
- Increased customer deployments from 47 to 57
- Additional personnel added in sales, marketing and engineering
- Acquired an exclusive license from Espré
- Appointed former Chief Financial Officer, Edward M. Abbati, to Executive Vice-President of Sales and Operations
- Recruited a new Chief Financial Officer, William Scharninghausen
- Signed a definitive agreement to acquire CrystalVoice Communications, a Santa Barbara based company providing enterprise-based solutions, in January

#

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

Consolidated income statement	3 Months Ended		12 Months Ended	
	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005

	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005
License	4,289	2,936	14,611	7,362
Services	804	435	2,478	1,485
Revenue	5,093	3,371	17,089	8,847
Cost of goods				
Product	136	148	797	506
Services	466	294	1,432	990
Total Cost of goods	602	442	2,229	1,496
Gross Profit	4,491	2,929	14,860	7,351
	88%	87%	87%	83%
Information about the business activities				
Selling expenses	1,558	1,009	5,205	2,712
Administrative expenses	880	594	3,087	1,724
Research and development expenses	859	291	2,355	1,037
Operating expenses	3,297	1,894	10,647	5,473
Earnings Before Interest, Tax, Depr & Amort	1,194	1,035	4,213	1,878
	23%	31%	25%	21%
Depreciation & Amortization	175	41	327	151
Earnings Before Interest, Tax	1,019	994	3,886	1,727
Result from financial investments				
Other interest income and similar profit/loss items	(196)	(70)	(4,576)	(261)
Interest expenses and similar profit/loss items	60	16	183	29
Total result from financial investments	(136)	(54)	(4,393)	(232)
Result after financial items	1,155	1,048	8,279	1,959
Tax	341	42	1,215	177
Net profit (loss) for the period	814	1,006	7,064	1,782
	16%	30%	41%	20%
Earnings Per Share (Basic)	0.02	0.02	0.13	0.04
Average Outstanding Shares	54,063,918	53,045,168	53,741,262	50,857,668

USD, in thousands

Consolidated balance sheet

Dec. 31, 2006

Dec. 31, 2005

Assets

Fixed assets

Intangible fixed assets

Patents	382	264
Software	79	14
Purchased Technology	2,099	215
Other Intangibles	2,396	0
Total intangible fixed assets	4,956	493

Tangible fixed assets

Plant and machinery		
Equipment, tools, fixtures and fittings	113	50
Costs of improvements to property	47	3
Vehicles	0	0
Total tangible fixed assets	<u>160</u>	<u>53</u>

Financial fixed assets

Deposits	185	144
Deferred tax	1,606	1,546
Other long-term receivables	1,097	1,561
Total financial fixed assets	2,888	3,251

Total fixed assets**Current assets**

Current receivables	5,770	2,499
Short-term investments	0	0
Other current investments	2,459	3,141
Other current assets	740	100
Prepaid expenses and accrued income	289	132
Sub-total	9,258	5,872

Cash and Cash Equivalents	15,836	13,654
---------------------------	--------	--------

Total current assets**Total assets**

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

USD, in thousands		
Equity and liabilities	Dec. 31, 2006	Dec. 31, 2005
Equity		
Restricted equity		
Share capital	726	711
Restricted reserves	-7,255	-8,103
Total restricted equity	-6,529	-7,392
Non-restricted equity		
Unrestricted Reserves	23,205	19,683
Net loss of the year	7,064	1,782
Total non-restricted equity	30,269	21,465
Total equity	23,740	14,073
Long-term liabilities		
Unearned revenue, long-term	1,325	3,221
Long-term note	66	3,261
Total long-term liabilities	1,391	3,261
Current liabilities		
Accounts payable - trade	1,195	239
Other current liabilities	669	623
Unearned revenue	4,189	4,811
Accrued expenses and deferred income	1,914	316
Total current liabilities	7,967	5,989
Total equity and liabilities	33,098	23,323

Certain items have been reclassified to conform with the current presentation

Consolidated cash flow statement	USD, in thousands	
	12 Months Ended	
	Dec. 31, 2006	Dec. 31, 2005
Operating activities		
Result after financial items	8,279	1,959
Adjustments for items not included in cash flow etc.		
Depreciation and Amortization	384	41
Tax	-1,039	-4
Cash flow from operating activities before changes in working capital	<u>7,624</u>	<u>1,996</u>
Changes in working capital		
Increase in assets	-2,856	-3,252
Increase in liabilities	-1,549	5,497
Cash flow from operating activities	<u>3,219</u>	<u>4,241</u>
Investing activities		
Acquisitions of intangible assets	-3,119	-325
Acquisitions of machinery and equipment	-184	84
Investment in financial assets	-102	474
Loans provided	-242	0
Cash flow from investing activities	<u>-3,647</u>	<u>233</u>
Financing activities		
Share premium upon issue of new shares ⁽¹⁾	1,755	6,806
Borrowings	7	-8
Deferred compensation	0	0
Cash flow from financing activities	<u>1,762</u>	<u>6,798</u>
Cash flow for the year	<u>1,334</u>	<u>11,272</u>
Liquid funds at the beginning of the period	13,654	3,266
Exchange difference, liquid funds	848	-884
Liquid funds at the end of the period	<u>15,836</u>	<u>13,654</u>

Footnotes:

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

Global IP Sound, AB

unaudited

SEK, in thousands

Consolidated income statement	3 Months Ended		12 Months Ended	
	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005
License	30,615	22,684	107,756	55,034
Services	5,758	3,422	18,276	11,104
Revenue	36,373	26,106	126,032	66,138
Cost of goods				
Product	940	1,164	5,879	3,785
Services	3,342	2,314	10,560	7,400
Total Cost of goods	4,282	3,478	16,439	11,185
Gross Profit	32,091	22,628	109,593	54,953
Information about the business activities				
Selling expenses	11,131	7,824	38,388	20,272
Administrative expenses	6,272	4,626	22,765	12,891
Research and development expenses	6,187	2,297	17,371	7,751
Operating expenses	23,590	14,747	78,524	40,914
Earnings Before Interest, Tax, Depr & Amort	8,501	7,881	31,069	14,039
Depreciation & Amortization	1,275	325	2,413	1,131
Earnings Before Interest, Tax	7,226	7,556	28,656	12,908
Result from financial investments				
Other interest income and similar profit/loss items	(1,014)	(555)	(33,748)	(1,950)
Interest expenses and similar profit/loss items	430	120	1,347	215
Total result from financial investments	(584)	(435)	(32,401)	(1,735)
Result after financial items	7,810	7,991	61,057	14,643
Tax	2,427	339	8,963	1,324
Net profit (loss) for the period	5,383	7,652	52,094	13,319
Earnings Per Share (Basic)	0.10	0.14	0.97	0.26
Average Outstanding Shares	54,063,918	53,045,168	53,741,262	50,857,668

SEK, in thousands

Consolidated balance sheet

Assets

Fixed assets

Intangible fixed assets

Patents	2,610	2,100
Software	537	110
Purchased Technology	14,352	1,705
Other Intangibles	17,551	0
Total intangible fixed assets	35,050	3,915

Tangible fixed assets

Plant and machinery		
Equipment, tools, fixtures and fittings	771	395
Costs of improvements to property	325	27
Total tangible fixed assets	1,096	422

Financial fixed assets

Deposits	1,263	1,143
Deferred tax	10,985	12,284
Other long-term receivables	7,503	12,408
Total financial fixed assets	19,751	25,835

Total fixed assets

Current assets

Current receivables	39,460	19,857
Short-term investments	0	0
Other current investments	16,818	24,971
Other current assets	5,062	798
Prepaid expenses and accrued income	1,975	1,048
Sub-total	63,315	46,674

Cash and Cash Equivalents

Total current assets

Total assets

	108,298	108,518
Total current assets	171,613	155,192
Total assets	227,510	185,364

Equity and liabilities	SEK, in thousands	
	Dec. 31, 2006	Dec. 31, 2005
Equity		
Restricted equity		
Share capital	5,414	5,305
Restricted reserves	-68,461	-55,252
Total restricted equity	-63,047	-49,947
Non-restricted equity		
Unrestricted Reserves	174,465	148,472
Net result current year	52,094	13,319
Total non-restricted equity	226,559	161,791
Total equity	163,512	111,844
Long-term liabilities		
Unearned revenue, long-term	9,060	25,598
Long-term note	451	321
Total long-term liabilities	9,511	25,919
Current liabilities		
Accounts payable - trade	8,172	1,900
Other current liabilities	4,578	4,953
Unearned revenue	28,650	38,239
Accrued expenses and deferred income	13,087	2,509
Total current liabilities	54,487	47,601
Total equity and liabilities	227,510	185,364

Certain items have been reclassified to conform with the current presentation

Consolidated cash flow statement	SEK, in thousands	
	12 Months Ended	
	Dec. 31, 2006	Dec. 31, 2005
Operating activities		
Result after financial items	61,057	14,643
Adjustments for items not included in cash flow etc.		
Depreciation and Amortization	1,278	1,820
Tax	-7,665	-26
Cash flow from operating activities before changes in working capital	<u>54,670</u>	<u>16,437</u>
Changes in working capital		
Increase in assets	-11,433	-31,219
Increase in liabilities	-20,806	48,424
Cash flow from operating activities	<u>22,431</u>	<u>33,642</u>
Investing activities		
Acquisitions of intangible assets	-21,797	-2,972
Acquisitions of machinery and equipment	-5	-882
Investment in financial assets	1,178	985
Loans provided	-1,600	-77
Cash flow from investing activities	<u>-22,224</u>	<u>-2,946</u>
Financing activities		
Share premium upon issue of new shares ⁽¹⁾	12,783	51,309
Borrowings	0	0
Deferred compensation	0	0
Cash flow from financing activities	<u>12,783</u>	<u>51,309</u>
Cash flow for the year	<u>12,990</u>	<u>82,005</u>
Liquid funds at the beginning of the period	108,518	21,791
Exchange difference, liquid funds	-13,210	4,722
Liquid funds at the end of the period	<u>108,298</u>	<u>108,518</u>

Footnotes:

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