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Global IP Solutions Announces \$10 Million in Pre-Emptive Share Offering and Reports Third Quarter 2007 Financial Results

*(Reported in thousands of U.S. Dollars and thousands of Swedish Krona; **unaudited**)*

STOCKHOLM – November 6, 2007 - Global IP Solutions (GIPS) Holding AB, the leading provider of embedded media processing technologies, announced today a pre-emptive share offering for up to \$10 million in ordinary shares. Kistefos AS, a privately owned investment company and the largest shareholder of GIPS, has agreed to guarantee up to \$ 8.0 million of the offering. The Board of Directors of GIPS has made the decision to raise additional equity to ensure that the company has the financial resources necessary to correct the deficiencies exposed in its third quarter results and to execute its business strategy through Fiscal 2008 and beyond. An extra ordinary General Assembly will be called for in order to issue the share offering. All current shareholders will have the opportunity to participate in the offering. The subscription price will be established at a later date. It is the intention of the board to price the issue at a small discount to market value, creating a relatively low value on the rights.

The company also reported its financial results for the third quarter ending September 30, 2007. The company is reporting its financial results in both U.S. Dollars (USD) and Swedish Krona (SEK).

Revenues for the third quarter of 2007 were 1,674 USD/SEK 11,157, a 65 percent decrease from the third quarter of 2006, and a 69 percent decrease from the second quarter of 2007. Revenues for the nine months ended September 30, 2007 were 11,834 USD/SEK 81,646 compared to 11,997 USD/SEK 89,659 for the first nine months of 2006, a decrease of 1 percent. Decreased revenues were primarily the result of a significant drop-off in new design wins and a shortfall in royalty revenue.

Gross profit for the third quarter was 1,235 USD/SEK 8,174 compared to 4,109 USD/SEK 30,004 for the comparable quarter of 2006 and 4,952 USD/SEK 34,060 in the second quarter of 2007. Gross profit for the first nine months of 2007 was 10,352 USD/SEK 71,431 compared to 10,370 USD/SEK 77,501 for the first nine months of 2006. Gross profit for the third quarter of 2007 was 74 percent, compared to 85 percent for the third quarter of 2006 and 93 percent for the prior quarter.

Operating expenses were 5,847 USD/SEK 39,817 for the quarter, versus 3,002 USD/SEK 21,940 for the 2006 third quarter and 4,548 USD/SEK 31,234 in the first quarter of 2007. Operating expenses for the nine

months ended September 30, 2007 were 14,829 USD/SEK 102,147 versus 7,350 USD/SEK 54,933 for the nine months ended September 30, 2006. The increase in operating expenses was primarily due to an increase in the number of employees and increased expenses related to professional services. Operating expenses for the third quarter of 2007 include \$1.6 million in one-time additional charges related to a 15% reduction in the company's workforce and increased accounts receivable reserves.

EBITDA for the third quarter of 2007 was a loss of (4,612) USD/SEK (31,643), compared to 1,107 USD/SEK 8,064 for the third quarter of 2006. EBITDA for the nine months ended September 30, 2007 was a loss of (4,477) USD/SEK (30,716) versus 3,020 USD/SEK 22,568 for the comparable period of 2006. The net loss for the quarter was (5,644) USD/SEK (37,441), compared to a net profit of 4,263 USD/SEK 31,640 for the third quarter of 2006. The net loss for the first nine months of 2007 was (5,962) USD/SEK (39,652) compared to a net profit of 6,250 USD/SEK 46,712 for the nine months ended September 30, 2006. The net loss for the third quarter of 2007 included 740 USD/SEK 4,909 in amortization of goodwill related to the acquisition of CrystalVoice.

"The company experienced a significant downturn in third quarter revenues due to a substantial decrease in new design wins and a decrease in royalty revenues, particularly from Skype," said William Scharninghausen, Chief Financial Officer of Global IP Solutions. Previously GIPS reported a dispute with Skype over the length of one of its agreements. Both companies have agreed to arbitration, which is expected to be heard in the second quarter of 2008. "Corrective measures that were taken in the third quarter resulted in a 15 percent reduction in the company's workforce and other operating expenses going forward," added Scharninghausen.

Cash and cash equivalents at the end of the third quarter were 6,858 USD/SEK 45,971, down from the ending balance at June 30, 2007 of 8,306 USD/SEK 56,799. For year-to-date 2007, the company generated (1,686) USD/SEK (11,696) in negative operating cash flow, primarily as a result of decreased revenues and increased operating expenses.

"While we are extremely disappointed with this performance, we remain very confident that GIPS technology remains the best in its field. The company has taken decisive steps to ensure it will meet the challenges required to achieve the next level of success," said Ditlef de Vibe Chairman and acting Chief Executive Officer of Global IP Solutions. "We undertook a thorough assessment of what caused the company to stumble this quarter and identified the reasons for the shortfall. We have since taken constructive action to ensure that we remain the leader in VoIP media processing."

"As our principal market matures, we have continued to develop products which focus on emerging market opportunities. This re-focused development, while significant, will take a number of quarters to be realized. Our future products have the advantage of containing both industry standards and proprietary functions so that the resulting combination will uniquely enhance our customers' applications. The future remains encouraging for GIPS," added de Vibe.

Global IP Solutions (GIPS) Holding AB

unaudited

USD, in thousands

Consolidated income statement	Three Months Ended		Nine Months Ended	
	Sept 30, 2007	Sept. 30, 2006	Sept 30, 2007	Sept. 30, 2006
License	1,105	4,119	9,632	10,322
Services	569	688	2,202	1,675
Revenue	1,674	4,807	11,834	11,997
Cost of goods				
Product	34	329	227	661
Services	405	369	1,255	966
Total Cost of goods	439	698	1,482	1,627
Gross Profit	1,235	4,109	10,352	10,370
Information about the business activities				
Selling expenses	3,176	1,544	9,004	3,646
Administrative expenses	2,027	730	3,853	2,207
Research and development expenses	644	728	1,972	1,497
Operating expenses	5,847	3,002	14,829	7,350
Earnings Before Interest, Tax, Depr & Amort	(4,612)	1,107	(4,477)	3,020
Depreciation & Amortization	1,051	72	1,706	152
Earnings Before Interest, Tax	(5,663)	1,035	(6,183)	2,868
Result from financial investments				
Other interest income and similar profit/loss items	(114)	(4,037)	(413)	(4,380)
Interest expenses and similar profit/loss items	74	67	170	123
Total result from financial investments	(40)	(3,970)	(243)	(4,257)
Result after financial items	(5,623)	5,005	(5,940)	7,125
Tax	21	742	22	875
Net profit (loss) for the period	(5,644)	4,263	(5,962)	6,250
Earnings Per Share (Basic)	(0.10)	0.08	(0.11)	0.12
Average Outstanding Shares	54,138,918	53,988,918	54,138,918	53,633,710

Consolidated balance sheet		USD, in thousands	
Assets		Sept 30, 2007	Sept. 30, 2006
Fixed assets			
Intangible fixed assets			
Patents		453	325
Software		124	87
Purchased Technology		1,535	174
Other Intangibles		8,291	2,461
Total intangible fixed assets		10,403	3,047
Tangible fixed assets			
Plant and machinery			
Equipment, tools, fixtures and fittings		196	85
Costs of improvements to property		29	2
Total tangible fixed assets		225	87
Financial fixed assets			
Deposits		211	154
Deferred tax		2,377	1,548
Other long-term receivables		307	0
Total financial fixed assets		2,895	1,702
Total fixed assets		13,523	4,836
Current assets			
Current receivables		2,067	5,222
Short-term investments		1,030	0
Other current assets		1,752	152
Prepaid expenses and accrued income		300	165
Sub-total		5,149	5,539
Cash and Cash Equivalents		6,858	17,655
Total current assets		12,007	23,194
Total assets		25,530	28,030

Certain items have been reclassified to conform with the current presentation

Equity and liabilities	USD, in thousands	
	Sept 30, 2007	Sept. 30, 2006
Equity		
Restricted equity		
Share capital	726	723
Restricted reserves	28,270	26,262
Total restricted equity	28,996	26,985
Non-restricted equity		
Unrestricted Reserves	-3,352	-10,905
Net loss of the year	-5,962	6,250
Total non-restricted equity	-9,314	-4,655
Total equity	19,682	22,330
Long-term liabilities		
Unearned revenue, long-term	254	0
Long-term note	84	61
Total long-term liabilities	338	61
Current liabilities		
Accounts payable - trade	771	381
Other current liabilities	1,151	1,129
Unearned revenue	1,292	2,689
Accrued expenses and deferred income	2,296	1,440
Total current liabilities	5,510	5,639
Total equity and liabilities	25,530	28,030

Consolidated cash flow statement**Operating activities**

Result after financial items

-5,940

7,125

Adjustments for items not included in cash flow etc.

Depreciation and Amortization

1,706

80

Tax

58

-47

Cash flow from operating activities**before changes in working capital**

-4,176

7,158

Changes in working capital

(Increase) decrease in assets

2,739

-2,850

Increase (decrease) in liabilities

-249

426

Cash flow from operating activities

-1,686

4,734

Investing activities

Acquisitions of intangible assets

-7,183

-2,683

Acquisitions of machinery and equipment

-341

-57

Cash flow from investing activities

-7,524

-2,740

Financing activities

Share premium upon issue of new shares

0

1,361

Cash flow from financing activities

0

1,361

Cash flow for the year

-9,210

3,355

Liquid funds at the beginning of the period

15,836

13,654

Exchange difference, liquid funds

232

646

Liquid funds at the end of the period

6,858

17,655

Certain prior-year amounts have been reclassified to conform with the current presentation

Global IP Solutions (GIPS) Holding AB

unaudited

SEK, in thousands

Consolidated income statement	Three Months Ended		Nine Months Ended	
	Sept 30, 2007	Sept. 30, 2006	Sept 30, 2007	Sept. 30, 2006
License	7,302	30,088	66,462	77,141
Services	3,855	5,030	15,184	12,518
Revenue	11,157	35,118	81,646	89,659
Cost of goods				
Product	228	2,421	1,565	4,940
Services	2,755	2,693	8,650	7,218
Total Cost of goods	2,983	5,114	10,215	12,158
Gross Profit	8,174	30,004	71,431	77,501
Information about the business activities				
Selling expenses	21,600	11,297	62,035	27,255
Administrative expenses	13,839	5,286	26,513	16,493
Research and development expenses	4,378	5,357	13,599	11,185
Operating expenses	39,817	21,940	102,147	54,933
Earnings Before Interest, Tax, Depr & Amort	(31,643)	8,064	(30,716)	22,568
Depreciation & Amortization	7,186	531	11,726	1,138
Earnings Before Interest, Tax	(38,829)	7,533	(42,442)	21,430
Result from financial investments				
Other interest income and similar profit/loss items	(771)	(30,130)	(2,852)	(32,735)
Interest expenses and similar profit/loss items	(747)	491	(75)	917
Total result from financial investments	(1,518)	(29,639)	(2,927)	(31,818)
Result after financial items	(37,311)	37,172	(39,515)	53,248
Tax	130	5,532	137	6,536
Net profit (loss) for the period	(37,441)	31,640	(39,652)	46,712
Earnings Per Share (Basic)	(0.69)	0.59	(0.73)	0.87
Average Outstanding Shares	54,138,918	53,988,918	54,138,918	53,633,710

Consolidated balance sheet		SEK, in thousands	
Assets		Sept 30, 2007	Sept. 30, 2006
Fixed assets			
Intangible fixed assets			
Patents		3,019	2,375
Software		837	637
Purchased Technology		10,480	1,276
Other Intangibles		57,113	18,001
Total intangible fixed assets		71,449	22,289
Tangible fixed assets			
Plant and machinery			
Equipment, tools, fixtures and fittings		1,311	621
Costs of improvements to property		201	15
Total tangible fixed assets		1,512	636
Financial fixed assets			
Deposits		1,419	1,130
Deferred tax		16,127	11,310
Other long-term receivables		1,992	0
Total financial fixed assets		19,538	12,440
Total fixed assets		92,499	35,365
Current assets			
Current receivables		14,150	38,190
Short-term investments		6,916	0
Other current assets		11,719	1,115
Prepaid expenses and accrued income		2,004	1,209
Sub-total		34,789	40,514
Cash and Cash Equivalents		45,971	129,120
Total current assets		80,760	169,633
Total assets		173,259	204,999

Certain items have been reclassified to conform with the current presentation

Equity and liabilities	SEK, in thousands	
	Sept 30, 2007	Sept. 30, 2006
Equity		
Restricted equity		
Share capital	5,414	5,399
Restricted reserves	177,012	276,237
Total restricted equity	182,426	281,636
Non-restricted equity		
Unrestricted Reserves	-8,264	-165,045
Net result current year	-39,652	46,712
Total non-restricted equity	-47,916	-118,333
Total equity	134,510	163,303
Long-term liabilities		
Unearned revenue, long-term	2,011	0
Long-term note	575	451
Total long-term liabilities	2,586	451
Current liabilities		
Accounts payable - trade	5,151	2,784
Other current liabilities	7,580	8,255
Unearned revenue	8,410	19,667
Accrued expenses and deferred income	15,022	10,539
Total current liabilities	36,163	41,245
Total equity and liabilities	173,259	204,999

Consolidated cash flow statement	SEK, in thousands	
	Nine Months Ended	
	Sept 30, 2007	Sept. 30, 2006
Operating activities		
Result after financial items	-39,515	53,248
Adjustments for items not included in cash flow etc.		
Depreciation and Amortization	11,726	607
Tax	397	-355
Cash flow from operating activities		
before changes in working capital	<u>-27,392</u>	<u>53,500</u>
Changes in working capital		
(Increase) decrease in assets	18,639	-19,135
Increase (decrease) in liabilities	-2,943	1,106
Cash flow from operating activities	<u>-11,696</u>	<u>35,471</u>
Investing activities		
Acquisitions of intangible assets	-47,818	-19,224
Acquisitions of machinery and equipment	-2,215	-393
Cash flow from investing activities	<u>-50,033</u>	<u>-19,617</u>
Financing activities		
Share premium upon issue of new shares	0	10,036
Cash flow from financing activities	<u>0</u>	<u>10,036</u>
Cash flow for the year	<u>-61,729</u>	<u>25,890</u>
Liquid funds at the beginning of the period	108,297	108,518
Exchange difference, liquid funds	-597	-5,288
Liquid funds at the end of the period	<u>45,971</u>	<u>129,120</u>

Certain prior-year amounts have been reclassified to conform with the current presentation

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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 Solutions 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 Solutions, which is subject to change. Although any such projections and the factors influencing them will likely change, Global IP Solutions will not necessarily update the information, since Global IP Solutions will only provide guidance at certain points during the year. Such information speaks only as of the date of this release.