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Global IP Sound Reports First Quarter 2004 Results
(reported in thousands of SEK)

STOCKHOLM – April 15, 2004 - Global IP Sound AB, a leading provider of embedded voice processing technologies, today reported its financial results for the first quarter ended March 31, 2004.

Revenues for the first quarter of 2004 were SEK 3,974, a 318 percent increase from the first quarter of 2003, and a 68 percent increase over the previous quarter. Operating expenses were SEK 8,162 for the quarter, including a SEK 1,552 expense for the amortization of intangible assets. This was a decrease of 26 percent compared to the same quarter in 2003 and an 8 percent decrease from the fourth quarter of 2003. The quarter-to-quarter decrease is attributed to the restructuring of costs and seasonal year-end expenses in the fourth quarter. Net loss for the first quarter of 2004 improved to SEK 4,237, compared to a loss of SEK 10,023 for the same period in 2003.

Unearned revenue (based on multi-year contract bookings in which revenue must be recognized over an extended period) increased to SEK 6,850, a 7 percent increase compared to the fourth quarter of 2003. Cash and accounts receivable at the end of the first quarter were SEK 9,515, compared to the ending balance figure from December 31, 2003 of SEK 14,507.

"The company continues to show solid growth with more new OEM license agreements signed and an increase in quarterly revenue resulting from both new and existing agreements," said Edward Abbati, chief financial officer of Global IP Sound. "We remain cautiously optimistic for revenue growth based on licensing royalties as our customers accelerate deployment of GIPS-enhanced products."

A significant number of Global IP Sound customers have indicated that they are now nearing product deployment, and many new customers are seeking time-to-market solutions for soft-clients, conferencing and collaboration applications, and 802.11-based VoIP calling. During the quarter, the company signed its first agreement for GIPS

ConferenceEngine and expanded its customer list to 75 active accounts including Infomedia Networks and Quantway. Web communications leader WebEx™ Communications also became a licensee in the quarter. WebEx and others selected GIPS VoiceEngine technology to bring enhanced voice quality to future products.

“The buzz about Internet communications is stronger than ever. At the recently ended Spring VON 2004, a VoIP conference and expo, the interest in GIPS and its products from system developers and service providers exceeded all our past experiences at tradeshows. The show confirmed that the Industry is moving toward the actual deployment of VoIP for business and consumer applications,” said Gary Hermansen, president and CEO of Global IP Sound. “We expect to see this wave of adoption be driven by the availability of value-added features such as multi-party calling, collaboration and mobility and be enhanced with the superior voice quality offered by GIPS.”

Business highlights for the quarter include:

- Increased revenue by 318 percent, to SEK 3,974, over same period last year
- Reduced operating expenses by 26 percent over same period last year
- Signed several new license agreements, including Infomedia Networks, Quantway and WebEx Communications
- First agreement for GIPS ConferenceEngine signed
- Deployed software surpassed 9 million (measured by endpoint downloads/shipments)
- Expanded customer list to 75 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

Consolidated income statement	3 Months Ended	
	March 31, 2004	March 31, 2003
License	2,428	30
Services	1,546	922
Net Turnover	3,974	951
Cost of goods	62	0
Gross Profit	3,913	951
Information about the business activities		
Selling expenses	1,528	2,398
Administrative expenses	4,299	4,137
Research and development costs	2,335	4,512
Total expenses	8,162	11,047
Operating loss	-4,250	-10,096
Result from financial investments		
Other interest income and similar profit/loss items	-45	-141
Interest expenses and similar profit/loss items	22	41
Total result from financial investments	-24	-100
Result after financial items	-4,226	-9,996
State tax	11	27
Net loss for the quarter	-4,237	-10,023
Earnings Per Share	-0.10	-0.37
Average Outstanding Shares	42,545,168	26,879,758

Consolidated balance sheet	March 31, 2004	March 31, 2003
Assets		
Fixed assets		
Intangible fixed assets		
Patents	41,913	1,373
Tangible fixed assets		
Plant and machinery		
Equipment, tools, fixtures and fittings	797	1,878
Software	1	37
Costs of improvements to property	703	1,487
Vehicles	0	0
	1,501	3,403
Financial fixed assets		
Deposits	1,066	2,254
Other long-term receivables	1,585	1,728
	2,652	3,981
Total fixed assets	46,065	8,757
Current assets		
Current receivables	2,750	288
Other current investments	6,303	0
Other current receivables	501	523
Prepaid expenses and accrued income	690	798
	10,244	1,609
Cash and bank balance	6,765	13,604
Total current assets	17,010	15,213
Total assets	63,075	23,970

Equity and liabilities

March 31, 2004

March 31, 2003

Equity

Restricted equity		
Share capital	4,255	2,688
Restricted reserves	183,963	169,048
Total restricted equity	188,218	171,736
Non-restricted equity		
Net loss previous year	-131,821	-142,733
Net loss of the year	-4,237	-10,023
Total non-restricted equity	-136,058	-152,757
Total equity	52,160	18,979
Long-term liabilities		
Long-term note	111	46
Total long-term liabilities	111	46
Current liabilities		
Accounts payable - trade	883	1,299
Other current liabilities	1,336	1,801
Unearned revenue	6,850	201
Accrued expenses and deferred income	1,736	1,643
Total current liabilities	10,804	4,944
Total equity and liabilities	63,075	23,970

Consolidated cash flow statement	3 Months Ended	
	March 31, 2004	March 31, 2003
Operating activities		
Result after financial items	-4,226	-9,996
Adjustments for items not included in cash flow etc.	0	0
Depreciation and Amortization	2,011	478
Tax	-11	-27
Cash flow from operating activities		
before changes in working capital	<u>-2,226</u>	<u>-9,545</u>
Changes in working capital		
Increase in receivables	-1,362	228
Increase in accounts payables	-1,581	-685
Cash flow from operating activities	<u>-2,943</u>	<u>-457</u>
Investing activities		
Acquisitions of intangible assets	0	-14
Acquisitions of machinery and equipment	-228	69
Investment in financial assets	858	91
Loans provided	-85	33
Cash flow from investing activities	<u>546</u>	<u>178</u>
Financing activities		
Share premium upon issue of new shares	0	0
Proceeds from new borrowings	0	0
Deferred compensation	0	0
Cash flow from financing activities	<u>0</u>	<u>0</u>
Cash flow for the year	<u>-4,623</u>	<u>-9,824</u>
Liquid funds at the beginning of the year	11,283	23,633
Exchange difference, liquid funds	106	-205
Liquid funds at the end of the year	<u>6,765</u>	<u>13,604</u>