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Global IP Solutions Reports Second Quarter 2007 Financial Results
(Reported in thousands of U.S. Dollars and thousands of SEK; un-audited)

STOCKHOLM – August 14, 2007 - Global IP Solutions (GIPS) Holding AB, the leading provider of embedded media processing technologies, today reported its financial results for the second quarter ending June 30, 2007. The company is reporting its financial results in both U.S. Dollars (USD) and Swedish Krona (SEK).

Revenues for the second quarter of 2007 were 5,352 USD/SEK 36,789, a 61 percent increase from the second quarter of 2006, and an 11 percent increase from the first quarter of 2007. Revenues for the six months ended June 30, 2007 were 10,159 USD/SEK 70,489 compared to 7,190 USD/SEK 54,541 for the first six months of 2006, an increase of 41 percent. Increased revenues were primarily the result of increased royalty revenues over the comparable periods of 2006 as well as several key customer renewals.

Gross margin for the second quarter was 4,952 USD/SEK 34,060 compared to 2,845 USD/SEK 20,952 for the comparable quarter of 2006 and 4,164 USD/SEK 29,197 in the first quarter of 2007. Gross margin for the first six months of 2007 was 9,117 USD/SEK 63,257 compared to 6,261 USD/SEK 47,497 for the first six months of 2006. Gross margin for the second quarter of 2007 was 93 percent, compared to 86 percent for the second quarter of 2006 and 87 percent for the prior quarter.

Operating expenses were 4,548 USD/SEK 31,234 for the quarter, versus 2,144 USD/SEK 15,861 for the 2006 second quarter and 4,435 USD/SEK 31,095 in the first quarter of 2007. Operating expenses for the six months ended June 30, 2007 were 8,984 USD/SEK 62,330 versus 4,349 USD/SEK 32,992 for the six months ended June 30, 2006. The increase in operating expenses was primarily due to an increase in the number of employees, from 60 at June 30, 2006 to 94 at June 30, 2007, and increased expenses related to professional services.

EBITDA for the second quarter of 2007 was 404 USD/SEK 2,826, compared to 701 USD/SEK 5,091 for the second quarter of 2006. EBITDA for the six months ended June 30, 2007 was 133 USD/SEK 927 versus 1,912 USD/SEK 14,505 for the comparable period of 2006. Net profit for the quarter was 231 USD/SEK 1,644, compared to 778 USD/SEK 5,677 from the second quarter of 2006. Net profit for the first six months of 2007 was a loss of (319) USD/SEK (2,212) compared to 1,987 USD/SEK 15,072 for the six months ended June 30, 2006.

Although the company experienced revenue growth over the 2006 periods, the corresponding ramp-up in personnel and operating expenses have offset these increases, which has lowered the company's profits during the first six months of 2007. Additional headcount has been added in the areas of sales, marketing and engineering in order to grow the company's market share and broaden the company's product portfolio.

Cash and cash equivalents at the end of the second quarter were 8,306 USD/SEK 56,799, down from the ending balance at March 31, 2007 of 10,663 USD/SEK 74,459. For year-to-date 2007, the company generated 1,052 USD/ SEK 7,440 in negative operating cash flow, primarily as a result of increased operating expenses.

Additionally GIPS reports a dispute with Skype over the length of one of its agreements. However, both parties have agreed to arbitration, which is expected to continue throughout 2007.

"Our second quarter results demonstrate improved performance, with record revenue for the quarter and positive net income. Although the increase in personnel and operating costs has resulted in a near-term negative effect on the company's net profits, the company is now positioned to grow with the market as a result of the investments made," said William Scharninghausen, Chief Financial Officer of Global IP Solutions.

"While GIPS second quarter performance was an improvement over the first, we recognize the need for continued improvement. We are actively looking in the areas of partnerships, technology acquisitions and expansion into new markets to continue to grow. Our vision of enabling IP communication with the best quality multimedia available has been recognized by some of the world's leading companies, including the world's largest enterprise software Company, Oracle, as best in-class technology," said Gary Hermansen, Chief Executive Officer of Global IP Solutions. "Although the market remains in its early stages of development, the company has made improvements in the areas of sales resource alignment, product development and market analysis to capture the market when it arrives," added Hermansen.

Business highlights for the second quarter include:

- Increased 2007 revenue by 61 percent, to 5,352 USD, over same period last year
- Signed 28 agreements, including 15 new design wins
- Signed several LSVX real-time video contracts, including Oracle
- Signed several broader agreements with existing Tier 1 customers
- Improved product portfolio with new versions of ConferenceEngine and VoiceEngine Multimedia
- Increased customer deployments
- Increased the Solutions division direct sales team
- Added additional personnel added in sales, product marketing and management, and engineering
- Explored GIPS growth strategies and opportunities through business development activities

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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.

Global IP Solutions (GIPS) Holding AB
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Unaudited

USD, in thousands

Consolidated income statement	Three Months Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
License	4,492	2,764	8,526	6,203
Services	860	555	1,633	987
Revenue	5,352	3,319	10,159	7,190
Cost of goods				
Product	(13)	172	193	333
Services	413	301	849	596
Total Cost of goods	400	474	1,042	929
Gross Profit	4,952	2,845	9,117	6,261
Information about the business activities				
Selling expenses	3,037	1,010	5,828	2,104
Administrative expenses	855	717	1,827	1,477
Research and development expenses	656	417	1,329	768
Operating expenses	4,548	2,144	8,984	4,349
Earnings Before Interest, Tax, Depr & Amort	404	701	133	1,912
Depreciation & Amortization	316	41	654	80
Earnings Before Interest, Tax	88	660	(521)	1,832
Result from financial investments				
Other interest income and similar profit/loss items	(149)	(213)	(300)	(343)
Interest expenses and similar profit/loss items	58	39	97	56
Total result from financial investments	(91)	(174)	(203)	(287)
Result after financial items	179	834	(318)	2,119
Tax	(52)	56	1	132
Net profit (loss) for the period	231	778	(319)	1,987
Earnings Per Share (Basic)	0.00	0.01	(0.01)	0.04
Average Outstanding Shares	54,138,918	53,692,043	54,138,918	53,456,106

Consolidated balance sheet		USD, in thousands	
Assets		June 30, 2007	June 30, 2006
Fixed assets			
Intangible fixed assets			
Patents		379	352
Software		111	96
Purchased Technology		1,745	173
Other Intangibles		8,250	-
Total intangible fixed assets		10,485	621
Tangible fixed assets			
Plant and machinery			
Equipment, tools, fixtures and fittings		195	83
Costs of improvements to property		44	3
Total tangible fixed assets		239	86
Financial fixed assets			
Deposits		116	154
Deferred tax		2,527	1,612
Total financial fixed assets		2,643	1,766
Total fixed assets		13,367	2,473
Current assets			
Current receivables		5,550	3,250
Other current assets		1,690	147
Prepaid expenses and accrued income		304	125
Sub-total		8,553	3,522
Cash and Cash Equivalents		8,306	15,949
Total current assets		16,859	19,471
Total assets		30,226	21,944

Certain items have been reclassified to conform with the current presentation

USD, in thousands	
Equity and liabilities	
Equity	
Restricted equity	
Share capital	726
Restricted reserves	28,072
Total restricted equity	28,798
Non-restricted equity	
Unrestricted Reserves	(3,351)
Net loss of the year	(319)
Total non-restricted equity	(3,670)
Total equity	25,128
Long-term liabilities	
Long-term note	98
Total long-term liabilities	98
Current liabilities	
Accounts payable - trade	289
Other current liabilities	926
Unearned revenue	1,413
Accrued expenses and deferred income	2,372
Total current liabilities	5,000
Total equity and liabilities	30,226
	21,944

Consolidated cash flow statement

USD, in thousands

Six Months Ended

June 30, 2007

June 30, 2006

Operating activities

Result after financial items

(318)

2,119

Adjustments for items not included in cash flow
etc.

Depreciation and Amortization

654

80

Tax

92

(47)

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

428

2,152

Changes in working capital

(Increase) decrease in assets

(1,181)

(833)

Increase (decrease) in liabilities

(299)

(651)

Cash flow from operating activities

(1,052)

668

Investing activities

Acquisitions of intangible assets

(6,201)

(193)

Acquisitions of machinery and equipment

(311)

(56)

Investment in financial assets

-

-

Loans provided

-

-

Cash flow from investing activities

(6,512)

(249)

Financing activities

Share premium upon issue of new shares

-

1,272

Borrowings

-

-

Deferred compensation

-

-

Cash flow from financing activities

-

1,272

Cash flow for the year

(7,564)

1,691

Liquid funds at the beginning of the period

15,836

13,654

Exchange difference, liquid funds

34

604

Liquid funds at the end of the period

8,306

15,949

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

Global IP Solutions (GIPS) Holding AB
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unaudited

SEK, in thousands

Consolidated income statement	Three Months Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
License	30,875	20,329	59,160	47,053
Services	5,914	4,133	11,329	7,488
Revenue	36,789	24,462	70,489	54,541
Cost of goods				
Product	(106)	1,279	1,337	2,519
Services	2,835	2,231	5,895	4,525
Total Cost of goods	2,729	3,510	7,232	7,044
Gross Profit	34,060	20,952	63,257	47,497
Information about the business activities				
Selling expenses	20,869	7,460	40,435	15,958
Administrative expenses	5,861	5,301	12,674	11,207
Research and development expenses	4,504	3,100	9,221	5,827
Operating expenses	31,234	15,861	62,330	32,992
Earnings Before Interest, Tax, Depr & Amort	2,826	5,091	927	14,505
Depreciation & Amortization	2,166	305	4,540	607
Earnings Before Interest, Tax	660	4,786	(3,613)	13,898
Result from financial investments				
Other interest income and similar profit/loss items	(1,018)	(1,594)	(2,081)	(2,604)
Interest expenses and similar profit/loss items	398	294	673	426
Total result from financial investments	(620)	(1,300)	(1,408)	(2,178)
Result after financial items	1,280	6,086	(2,205)	16,076
Tax	(364)	409	7	1,004
Net profit (loss) for the period	1,644	5,677	(2,212)	15,072
Earnings Per Share (Basic)	0.03	0.11	(0.04)	0.28
Average Outstanding Shares	54,138,918	53,692,043	54,138,918	53,456,106

Consolidated balance sheet		SEK, in thousands	
Assets		June 30, 2007	June 30, 2006
Fixed assets			
Intangible fixed assets			
Patents		2,594	2,545
Software		759	691
Purchased Technology		11,948	1,245
Other Intangibles		58,190	-
Total intangible fixed assets		73,491	4,481
Tangible fixed assets			
Plant and machinery			
Equipment, tools, fixtures and fittings		1,340	604
Costs of improvements to property		299	18
Total tangible fixed assets		1,639	622
Financial fixed assets			
Deposits		794	1,111
Deferred tax		17,315	11,634
Total financial fixed assets		18,109	12,745
Total fixed assets		93,239	17,848
Current assets			
Current receivables		38,001	23,458
Other current assets		11,574	1,059
Prepaid expenses and accrued income		2,080	900
Sub-total		58,634	25,417
Cash and Cash Equivalents		56,799	115,102
Total current assets		115,433	140,520
Total assets		208,672	158,368

Certain items have been reclassified to conform with the current presentation

Equity and liabilities		SEK, in thousands	
		June 30, 2007	June 30, 2006
Equity			
Restricted equity			
Share capital		5,414	5,399
Restricted reserves		178,732	274,012
Total restricted equity		184,146	279,411
Non-restricted equity			
Unrestricted Reserves		(8,264)	(165,045)
Net result current year		(2,212)	15,072
Total non-restricted equity		(10,476)	(149,973)
Total equity		173,670	129,438
Long-term liabilities			
Long-term note		679	408
Total long-term liabilities		679	408
Current liabilities			
Accounts payable - trade		1,982	1,500
Other current liabilities		6,363	3,876
Unearned revenue		9,672	18,564
Accrued expenses and deferred income		16,306	4,582
Total current liabilities		34,323	28,522
Total equity and liabilities		208,672	158,368

Consolidated cash flow statement	SEK, in thousands	
	Six Months Ended	
	June 30, 2007	June 30, 2006
Operating activities		
Result after financial items	(2,205)	16,076
Adjustments for items not included in cash flow etc.		
Depreciation and Amortization	4,540	607
Tax	641	(355)
Cash flow from operating activities before changes in working capital	<u>2,976</u>	<u>16,328</u>
Changes in working capital		
(Increase) decrease in assets	(8,228)	(4,039)
Increase (decrease) in liabilities	<u>(2,188)</u>	<u>(6,906)</u>
Cash flow from operating activities	<u>(7,440)</u>	<u>5,383</u>
Investing activities		
Acquisitions of intangible assets	(43,044)	(936)
Acquisitions of machinery and equipment	(2,137)	(386)
Investment in financial assets	-	-
Loans provided	-	-
Cash flow from investing activities	<u>(45,181)</u>	<u>(1,322)</u>
Financing activities		
Share premium upon issue of new shares	-	9,388
Borrowings	-	-
Deferred compensation	-	-
Cash flow from financing activities	<u>-</u>	<u>9,388</u>
Cash flow for the year	<u>(52,621)</u>	<u>13,449</u>
Liquid funds at the beginning of the period	108,297	108,518
Exchange difference, liquid funds	<u>1,123</u>	<u>(6,865)</u>
Liquid funds at the end of the period	<u>56,799</u>	<u>115,102</u>

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