

## NEWS RELEASE

### IP Applications Corp. Achieves Positive EBITDA during the First Half of 2007

**VANCOUVER, BC – August 22, 2007** – IP Applications Corp. (TSX-Venture: IPX) today announced its quarterly and semi-annual results for the period ended June 30, 2007.

For the first three months ended June 30, 2007 revenue was \$1.9M compared to \$2.3M in the corresponding period in 2006. The net loss decreased to \$247K from \$640K. EBITDA loss was \$13K, a significant improvement from the loss of \$221K in the corresponding quarter in 2006.

For the six months ended June 30, 2007 revenue was \$4.0 million compared to \$4.8 million in the corresponding period in 2006. The net loss decreased to \$433K from \$1.05M. EBITDA was \$12K, as compared to the loss of \$235K for the six months ended June 30, 2006.

John Jacobson, President and CEO said "The dramatic decline in the US Dollar since 2005 has been a challenge for IP Applications. We estimate that for every cent the Canadian Dollar rises against the US Dollar, the Company's annualized revenues would decline by approximately \$73K. In the short term, cost control has improved our bottom line. Our long-term strategy is to shift more of our costs to products and services we purchase with US Dollars and to reduce costs outright by shifting some of our labour expenses to lower cost locations around the globe. This should make us more competitive and more efficient, and this competitiveness will support growth."

#### **Achievements during the first half of 2007:**

- During the first half of 2007, the Company achieved positive EBITDA of \$12K compared to the loss of \$235K in the same period in 2006; this is the result of our continued focus on operational efficiencies.
- Gross margin improved to 42.6% in the second quarter, as compared to 37.6% in the comparable quarter in 2006.
- Operating expenses declined 31% to \$1.0M in the current quarter, as compared to \$1.5M for the three month period ended June 30, 2006.
- Operating expenses declined 26% to \$2.2M for the six months ended June 30, 2007, down from \$3.0M in the six months ended June 30, 2006.
- Net loss for the six months ended June 30 improved 59% to \$433K in 2007 from \$1.05M in 2006. The second quarter loss also improved 61% to \$247K from \$640K in 2006.
- In March 2007, the Company entered into a revolving line of credit facility with a major Canadian chartered bank. The maximum borrowing limit of \$400,000 is backed by a fixed and floating charge against assets.

## Non-GAAP measures

EBITDA is a key measure used by management to evaluate the Company's performance. Management believes that EBITDA is useful as it provides an indication of the results generated by the Company's business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and other non-cash expenditures. EBITDA is not a recognized measure under Canadian GAAP, and accordingly, investors are cautioned that EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with GAAP as an indicator of the financial performance of the Company or as a measure of the Company's liquidity and cash flows. EBITDA may not be comparable to similar measures presented by other issuers. The schedule below details how IP Applications reconciles its net loss per GAAP to EBITDA for the most recent four quarters:

(000's)	Quarter Ended			
	June 30 2007	March 31 2007	December 31 2006	September 30 2006
Operating Loss	\$(247)	\$(186)	\$(1,361)	\$(472)
Amortization	122	122	321	318
Stock-Based Compensation	60	37	48	88
Write-down of Intangible assets	-	-	609	-
Other	52	52	76	17
<b>EBITDA (loss)</b>	<b>\$(13)</b>	<b>\$ 25</b>	<b>\$ (307)</b>	<b>\$ (49)</b>

Additional details on the quarterly and year end results, including the audited Consolidated Financial Statements and Management Discussion and Analysis, are available at [www.sedar.com](http://www.sedar.com) under IP Applications Corp.

## About IP Applications

IP Applications Corp. supports clients that are bringing online products, services, content and Internet access to market. The Company provides a flexible combination of technology, systems and expertise for customers who have identified channels and products but who lack the delivery and support capabilities. IP Applications' integrated Operational Support System (OSS) and Customer Care help desk services dramatically reduce the cost, complexity and time to market for online products and services.

## Forward-Looking Statements

This press release may contain forward-looking statements. Actual events or results may differ materially from those described in the forward-looking statements due to a number of risks and uncertainties. Forward-looking statements are based on management's estimates, beliefs, and opinions. The company assumes no obligation to update forward-looking statements.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

### Contact:

Richard Topham, CFO

D 604.630.5657

E [rtopham@ipapplications.com](mailto:rtopham@ipapplications.com)