



Management's Discussion and Analysis

Second Quarter Report 2007

Dated December 31, 2006. The following Management Discussion and Analysis ("MD&A") is prepared in accordance with National Instrument 51-102F1, and should be read in conjunction with the Company's 2006 Annual Report, in particular, the Management Discussion and Analysis, and the Consolidated Financial Statements and accompanying notes. These documents, along with additional information about the Company, including the Annual Information Form, are available at www.absolute.com and www.sedar.com.

Certain statements in this MD&A constitute forward-looking statements that involve risks and uncertainties. These forward-looking statements relate to, among other things, worldwide legislative trends, rates of addition of new subscription contracts, adoption rates by users of certain brands of computer products, future adoption of firmware support by OEMs currently not doing so, the launch of bundling programs, the expansion of international markets, accelerated demand for its products, plans and timing for the introduction or enhancement of Absolute's services and products, and other expectations, intentions and plans contained in this analysis that are not historical fact. When used in this MD&A, the words "plan," "expect," "believe," and similar expressions generally identify forward-looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including, but not limited to, changes in technology and general market conditions. In light of the many risks and uncertainties, readers should understand that Absolute Software Corporation cannot offer assurance that the forward-looking statements contained in this analysis will be realized.

Note: all dollar figures reported herein are in Canadian dollars unless otherwise stated.

Strategic Update of Absolute Software Corporation (TSX: ABT) (“Absolute” or “Company”)

The mission of Absolute Software Corporation (“Absolute” or the “Company”) is to establish its Computer Theft Recovery (“Anti-Theft”), Data Protection and Secure Asset Tracking™ solutions as a new security standard for computers and other connected devices.

Data protection has become one of the top computer security concerns for organizations and consumers in the U.S., a trend which is also beginning to gain traction world-wide. More than 30 U.S. states have enacted legislation that requires public notification of situations causing data breaches, many in the past 18 months. This legislation has significantly increased media and public awareness of data and identity theft, and has helped organizations and individuals to understand that they must protect their physical computing assets in order to protect their data. As a result, demand has increased for Absolute’s solutions for tracking and recovering computers, and for deleting the data thereon when it may have been compromised.

Management has executed strategies in all areas of the business to capitalize on this trend, and is confident that the Company will attain a subscriber base of one million by March 31, 2007, in advance of the June 30, 2007 target set two years ago. Accordingly, management has set a new subscriber base milestone of three million subscriptions under contract by June 30, 2009.

Highlights for the first six months of fiscal 2007 include:

- Posting record sales contracts of \$20.4 million and cash from operations of \$9.0 million for the six months ended December 31, 2006, up 117% and 323% respectively from the same period last year (note: “sales contracts” is not a standard term under GAAP, refer to the business model section for more information)
- Selling 354,000 new and renewal subscriptions in the six-months ended December 31, 2006, bringing the subscriber base to approximately 940,000, up from nearly 700,000 at June 30, 2006
- Completing a consumer laptop bundle program with Gateway (which ran from August to December 2006), whereby certain Gateway laptops sold through Wal-Mart automatically included a two year subscription to Computrace® LoJack® for Laptops prepaid by Gateway
- Announcing Panasonic as the sixth PC OEM to provide embedded BIOS (or “Firmware”) support in certain of their laptops commencing in January 2007
- Obtaining BIOS support in Gateway desktop computers in September 2006 – the first PC OEM to begin providing desktop BIOS support
- Releasing a Mac® version of Computrace LoJack for Laptops and updated Computrace solutions and support for Microsoft® Vista
- Opening an office in the UK to support expansion into the European market

Embedding Computrace in the Firmware

Support for Absolute’s Computrace software agent is now embedded in the BIOS of laptop computers from six of the world’s largest PC OEMs: Dell, Fujitsu, Gateway, HP, Lenovo and Panasonic. During the first quarter of fiscal 2007, Absolute announced Gateway as the first PC OEM to begin shipping Computrace support embedded in the BIOS of certain of their desktop computers. Shortly thereafter, Dell also began embedding Computrace support in the BIOS of certain of their desktop computers.

In January 2007, Panasonic began embedding Computrace support in the BIOS of certain models of their Toughbook™ notebooks. The Toughbook notebooks are higher priced laptops known for their durability and are ideal for highly mobile computer users. As a result, over the long-term, management expects to achieve greater than average adoption rates for Computrace from Panasonic customers.

Embedded BIOS relationships are an important part of Absolute’s strategy to make Computrace the industry standard for protecting against the vagaries of computer loss and theft. Absolute is encouraging other PC OEMs to embed Computrace support, with a goal of having all first and second tier laptop brands enabled with embedded Computrace BIOS support.

OEM Sales and Marketing

Absolute is continually working toward improving its sales performance through its PC OEM partners, in particular those providing embedded BIOS support. Joint marketing and sales programs, bundling agreements, training, events and promotional offerings are all part of Absolute's efforts to increase sales through PC OEM channels.

These sales and marketing efforts resulted in \$16.5 million of sales generated through PC OEM sales channels in the first six months of fiscal 2007, a 124% increase over the same period last year. Dell continues to be Absolute's largest channel partner and this relationship has begun to show accelerated growth following implementation by Dell of embedded BIOS support for Computrace in December of 2005. For the first six months of fiscal 2007, Dell generated sales of \$10.0 million (or 49% of total sales), an increase of 149% from the prior year.

Intellectual Property and Patent Protection

Absolute continues to build, license and enforce its patent portfolio in computer theft recovery and secure asset tracking. The patented Computrace technology is designed to provide customers with a persistent and reliable communication platform over which multiple security and management services can be delivered with predictably and without end-user interruption. These features are becoming increasingly important due to current trends toward computer security, particularly as it pertains to regulatory compliance and data protection.

In calendar 2005, Absolute began licensing and protecting its patent portfolio. Several competitors have taken licenses to Absolute's patent portfolio, and are paying license fees to Absolute for this right. Absolute is currently in two patent litigation cases in which it is seeking to protect its patents. In one of these cases, Absolute is also defending itself in a patent infringement claim brought via counterclaim. Management believes the counterclaim to be without merit, and accordingly no provision or contingency has been recorded in the financial statements. While management believes that Absolute will ultimately prevail in these cases, the outcome, time to resolution and impact on Absolute's business and patent portfolio, if any, cannot be determined at this time. Refer to the "risks and uncertainties" section of this MD&A for further information.

Target Markets

While management considers the full market opportunity for Computrace to be any user of mobile computers, Absolute is currently focused on four U.S. market verticals: education, corporate, government and consumer. Absolute has also increased efforts to develop markets outside of the U.S., and in October 2006, established an office in the U.K. to service the European market. In addition, Absolute hired its first U.S. government sales specialist in September 2006 and has launched government marketing programs with certain OEM partners to begin building sales in this market vertical.

Demand in all market verticals has begun to accelerate as a result of increased awareness about the need to protect computers from loss or theft in order to protect laptops and the data they contain. In addition, Absolute has developed sales and marketing programs with its distribution partners in order to increase adoption rates, and to capitalize on growth opportunities within the market verticals.

Sales Contracts by Market Vertical (In millions of dollars, except percent figures)	% increase	Q2-F2007	Q2-F2006	% increase	YTD Q2-F2007	YTD Q2-F2006
Education	67%	\$ 2.60	\$ 1.56	57%	\$ 6.33	\$ 4.00
Corporate	143%	4.48	1.84	172%	9.37	3.46
Government	206%	0.79	0.26	138%	1.23	0.53
Consumer	149%	1.44	0.58	150%	3.51	1.41
Total sales contracts	120%	\$ 9.31	\$ 4.24	117%	\$ 20.44	9.40

On a quarterly basis, Absolute's first and fourth fiscal quarters tend to be seasonally stronger than the second and third quarters as a result of customer purchasing cycles, particularly in the education vertical. This trend has continued with Q2-F2007 sales contracts reducing 16% from sales of \$11.1 million in Q1-F2007. However, the level of seasonality has improved relative to an 18% seasonal reduction in fiscal 2006 and a 30% reduction in fiscal 2005.

For the consumer vertical in particular, management is targeting bundle programs with its PC OEM and other partners to accelerate sales growth and expects to announce a major bundle program in the second half of fiscal 2007. In Q1-F2007, Absolute launched a six month bundle program with Gateway whereby Gateway automatically included a two year subscription for Computrace LoJack for Laptops with the sale of certain laptops through Wal-Mart stores. This program completed on December 31, 2006 in accordance with the program terms, and generated US\$625,000 of Absolute's consumer sales contracts during the first six months of fiscal 2007.

Business Model

Absolute focuses on sales contracts and cash from operations as its key performance metrics. Management believes these metrics provide for the most meaningful evaluation of the business, while revenue and operating income, or loss, provide a lagging indication of performance. This is because a majority of sales are deferred on the balance sheet while most of the related costs are expensed in the current period, which creates an ongoing disconnect between cash flow and profitability.

To illustrate, for the first six months of fiscal 2007, Absolute generated sales contracts growth of 117% which in turn generated a 323% increase in cash from operations. Conversely, revenue only increased 60% and the net loss actually increased 44%. Note that sales contracts is not a standardized measure prescribed under Canadian generally accepted accounting principles ("GAAP"). Sales contracts are invoiced, prepaid and non-refundable sales that are included in the GAAP measure of deferred revenue (see the Notes to the Consolidated Financial Statements).

Absolute sells its computer theft recovery solutions primarily in a prepaid and non-refundable subscription-for-services model. Subscription sales contracts are available with service terms of one to five years, with the non-refundable payment due in full on standard invoice terms upon signing. While the entire cash value of the sales contract is due at the beginning of the contract, the revenue from the contract is recorded as deferred revenue on the balance sheet and amortized to income ratably over the contract term, starting in the month following the invoice date. Accordingly, Absolute is building an annuity stream both in terms of revenue and in cash flow from sales contracts. The revenue annuity results from the sale of multi-year contract terms with known monthly revenue streams, while the cash flow annuity results from the sales contracts generated from the annual computer purchase cycles of organizational customers.

An appreciation for Absolute's business model also requires an understanding of the costs associated with sales contracts, as a majority of the timing of costs are incurred at the beginning of the sales contract term. A portion of these costs, including commissions and warranty accruals, are capitalized as deferred contract costs, which are then charged to income pro-rata with the sales contracts to which they relate. Nevertheless, a majority of expenses in any given fiscal year relate to sales contracts included in deferred revenue as opposed to the revenue recognized for the year. These include up-front sales contract costs, such as research and development, patent administration, marketing and selling, training, delivery and customer support. During the remaining contract term, on-going cash costs associated with the contracts are in general considerably less than the initial costs. These costs include maintenance of the monitoring center and reporting website, upgrades to the Computrace software, customer support, recovery services and guarantee payments.

Since revenue from sales contracts is deferred and a majority of the associated costs are expensed as incurred, revenue and gross margin will lag behind sales contracts and operating cash flow. This explains the continuing disconnect between the cash generated from operations and the net loss reported in the statement of operations. As a result, management relies upon sales contracts and operating cash flow as the leading indicators of performance and profitability.

Outlook

Management believes that it has the resources and strategies required to achieve its mission to establish Computrace as the industry standard for Computer Theft Recovery, Data Protection and Secure Asset Tracking, and to meet its goal of three million paid subscribers under contract by June 30, 2009. For fiscal 2007, Absolute will focus on increasing the number of PC OEMs with embedded firmware support, launching new programs to leverage its PC OEM distribution channels and increasing adoption rates within its target market verticals. In addition to Absolute's efforts, management expects data privacy legislation, and its associated notification requirements, to continue driving media coverage of data exposed from lost or stolen laptops, and to further accelerate demand for the Company's products.

In order to capitalize on the emerging market opportunities and to scale its business to support its anticipated growth, Absolute will continue to increase its investment in key areas of the business during fiscal 2007. At the same time, management is committed to achieving an increase in cash generated from operations, which the Company uses as a proxy for profitability. However, despite increasing operating cash flow, this investment will result in the Company continuing to operate at a net loss during periods of high sales growth as a majority of the increased sales are deferred on the balance sheet.

Selected Quarterly Information (in millions, except percent and per share data)

	Q2-F2007	Q2-F2006	YTD Q2-F2007	YTD Q2-F2006
Sales Contracts	\$ 9.31	\$ 4.24	\$ 20.44	\$ 9.40
% (decrease) increase	120%	87%	117%	71%
Revenue	4.56	2.76	8.53	5.34
% increase	65%	29%	60%	33%
Net loss after income taxes	(1.02)	(0.71)	(2.34)	(1.63)
Basic and Diluted loss per share	(0.05)	(0.03)	(0.11)	(0.08)
Cash from operations	4.32	1.16	8.97	2.13
Total assets			45.55	26.03
Warranty accrual			5.03	1.79
Deferred revenue			39.02	20.34
Long-term debt			-	-
Cash dividends declared per share			-	-

Sales Contracts and Revenue

Sales contracts for Q2-F2007 increased 120% to \$9.3 million from \$4.2 million in Q2-F2006. Year to date, sales contracts increased 117% to \$20.4 million from \$9.4 million in the same period last year. The increases are the result of execution of the strategies discussed in the introduction to this MD&A. In U.S. dollar terms Q2-F2007 sales contracts increased 125% to US\$8.1 million from US\$3.6 million in Q2-F2006, and increased 127% for the year to date period to \$18.1 million from \$8.0 million last year. The following table provides further subscription information.

	Q2-F2007	Q2-F2006	YTD Q2-F2007	YTD Q2-F2006
Total subscriptions sales in units	163,367	76,942	354,254	173,167
Theft recovery sales as a percent of total unit sales	92%	74%	91%	82%
Average selling price	\$ 57.01	\$ 55.13	57.71	\$ 54.31
Average contract term	32 months	32 months	32 months	29 months

Note that sales contracts are recorded at the value received by Absolute from either the reseller or directly from the customer. The value received from the reseller is net of reseller discounts. Accordingly, the retail price paid for Absolute's solutions is higher than the amount reported by Absolute as sales contracts.

Revenue for the second quarter of fiscal 2007 increased 65% to \$4.6 million compared to \$2.8 million in Q2-F2006. For the six-month period ended December 31, 2006, revenue increased 60% to \$8.5 million from \$5.3 million in the same period last year. Revenue is determined by sales contracts, and since the average contract life is approximately 30 months, a majority of revenue is determined by sales contracts completed during the prior three years. In general, only 16% to 20% of new and renewal sales contracts in any given fiscal year are included in revenue for the year, with the remainder included in deferred revenue on the balance sheet.

Operating Expenses – Total Operating Expenses (dollar and subscription figures in millions)

	Q2-F2007	Q2-F2006	YTD Q2-F2007	YTD Q2-F2006
Cost of goods sold ("COS")	\$ 1.54	\$ 0.95	\$ 2.89	\$ 1.73
Sales and marketing ("S&M")	2.22	1.38	4.49	2.87
Research and development ("R&D")	0.97	0.46	1.57	0.89
General and administration ("G&A")	1.34	0.94	2.47	1.68
Stock-based compensation	0.18	0.11	0.35	0.19
Total operating expenses	\$ 6.25	\$ 3.84	\$ 11.77	\$ 7.36
% increase (decrease)	63%	61%	60%	47%
% of sales contracts	67%	90%	58%	78%
Number of employees at year end			128	91
Subscriptions under contract			0.94	0.55

Total operating expenses have increased 60% over last year as a result of expansion of the employee base and sales and marketing efforts to support and effectively execute on Absolute's strategic plan. This increased investment is being made to generate current and future sales contract growth. Accordingly, management focuses on total expenses as a percentage of sales contracts to measure the efficiency and effectiveness of this investment. Operating expenses for the year to date period ended December 31, 2006, have improved to 58% of sales from 78% in the same period last year. Management believes this performance is indicative of the economies of scale in the business model.

For the year to date period, COS increased by 67% over the same period last year compared to a 60% increase in revenue. As a result, the gross margin has decreased to 66% from 68% last year. The decreased margin reflects that a portion of the increase in COS relates to costs associated with generating the 117% in sales contracts growth in the current period as opposed to the revenue growth. Direct-variable and semi-variable costs associated with revenue include the monitoring center, technical support, theft recovery and Absolute's recovery guarantee. Costs associated with sales contracts include packaging and branding costs for the consumer business, and customer and technical support for training and software delivery.

Increases in S&M expenditure reflects expansion of the sales team to support OEM and vertical programs, and increased marketing expenditures within each of Absolute's target market verticals. In addition, the average sales compensation per employee has increased due to changes in market rates and improved sales performance. As a percent of sales contracts, S&M expenses have improved to 22% for the current year to date compared to 31% last year. This improved efficiency is primarily due to strategies implemented to achieve increased leverage through Absolute's distribution partners.

R&D expenditures have increased in support of OEM BIOS partners and new feature development, and to address the needs of a growing subscriber base. Resources will be added in coming quarters as the company looks to expand into international markets and develop other computer security and management features that leverage its core technology. In fiscal 2007, the main focus of the R&D team has been to ensure compatibility with Microsoft's new Vista version of the Windows operating system, increase scalability of the technology, enhance product feature sets, and re-design the enterprise software version of Absolute's solutions.

G&A expenses have increased over last year primarily due to an increase in legal expenses associated with enforcing the patent portfolio, and an increase in leasing rates for its Vancouver office. Management expects patent litigation expenses to rise during fiscal 2007 as the Company remains in ongoing litigation against two of its competitors, and may need to challenge other potential infringers. In general, G&A expenses have also increased to support increased transaction volumes, and as a result of increased regulatory costs associated with its TSX listing.

Other Income (Expense)

Absolute earns interest income on its cash resources beyond immediate operating requirements. These cash balances are invested in treasury bills, bankers' acceptances and investment grade bonds. Interest income increased to \$418,000 for the six months ended December 31, 2006, from \$177,000 in the same period last year as a result of increased cash balances and interest rates.

Absolute reports foreign exchange gains and losses primarily on the translation of U.S. dollar cash and receivable balances. U.S. denominated assets normally exceed liabilities as over 90% of sales are denominated in U.S. dollars, compared to approximately 50% of costs. This generally results in foreign exchange losses in periods where the U.S. dollar declines relative to the Canadian dollar. In the first six months of fiscal 2007, the U.S. dollar began to increase in value relative to the Canadian dollar which resulted in foreign exchange gains of \$429,000, compared to losses of \$61,000 for the same period last year. Absolute has not entered into hedging arrangements as management believes the cost would outweigh the benefit. However, changes in the value of the U.S. dollar relative to the Canadian dollar will impact the rate of sales contract growth in future periods.

Net Loss

The Company's net loss after income taxes for the second quarter of fiscal 2007 was \$1.0 million, a 44% increase from \$709,000 for Q2-F2006. For the six months to December 31, 2006, the net loss was \$2.3 million, a 44% increase compared to \$1.6 million for the same period last year. The increased loss in the current year is primarily due to a 60% increase in total operating expenses during the period, while a majority of the 117% in sales contract growth is recorded as deferred revenue on the balance sheet. As a result of this ongoing disconnect, management focuses on sales contracts and cash from operations as key performance metrics as opposed to revenue and net loss.

Cash From (Used in) Operations

Q2-F2007 was Absolute's tenth consecutive quarter of generating positive cash from operations as a result of sales contract growth in excess of 50% in each of the last nine quarters. Cash from operations for Q2-F2007 totaled \$4.3 million, up 273% from \$1.2 million in Q2-F2006. For the six months to December 31, 2006, cash from operations was \$9.0 million, up 323% from \$2.1 million in the same period last year. The increased cash flow is primarily due to increasing sales by 117% in the first six months of fiscal 2007, while holding cost increases to 60%.

The resulting cash margin (equal to cash from operations as a percent of sales contracts) improved to 44% in the first six months of fiscal 2007, compared to 23% and 15% respectively for the same periods in fiscal 2006 and fiscal 2005. The year to date increase in fiscal 2007 is in part due to timing and level of sales in the fourth quarter of fiscal 2006, and in the first quarter of fiscal 2007. As a result, management expects cash from operations in the third and fourth quarters of fiscal 2007 to decrease from the level achieved in the first and second quarters, and the cash margins for fiscal 2007 to trend toward 25% of sales contracts.

Liquidity and Capital Resources

Cash Position

Absolute is in a strong financial position, with no debt and the financial resources necessary to fund its operating and capital requirements and to execute on its growth strategies. At December 31, 2006, Absolute's cash, cash equivalents and short-term investments increased on positive operating cash flows to \$25.5 million, compared to \$16.7 million at June 30, 2006.

Accounts receivable

Accounts receivable balances increased to \$6.9 million at December 31, 2006, from \$6.2 million at June 30, 2006. The increase is primarily due to greater sales contract activity. Sales contracts tend to be concentrated toward the end of each quarter, and as a result, receivable balances have traditionally averaged between 75% and 85% of sales contracts for the quarter. The timing of quarterly sales contracts in Q2-F2007 and Q1-F2007 has improved this ratio to 74% of sales contracts at December 31, 2006 and 62% of sales contracts at September 30, 2006.

Deferred Contract Costs

Certain direct contract costs are capitalized as deferred contract costs on the balance sheet and are charged to income over the term of the contract to which they relate. Capitalized direct contract costs include commissions, prepaid service fees, and estimated warranty costs over the life of each contract.

At December 31, 2006, deferred contract costs of \$7.7 million (20% of deferred revenue) are up from \$5.8 million (22% of deferred revenue) at June 30, 2006. The decrease to 20% of deferred revenue at December 31, 2006 reflects a reduction in the overall sales commission and warranty accrual rates.

Accrued Warranty

Absolute offers a recovery guarantee, or warranty, with certain of its products whereby customers are eligible for up to a \$1,000 guarantee payout if the customer follows the terms and conditions, and Absolute is unable to recover the stolen computer within a specified timeframe. For each sales contract that includes the guarantee, Absolute records warranty provision for full value of estimated guarantee payments under the program. Warranty costs for each sales contract are estimated at between 15% and 20% of the sales contract value based on Absolute's experience across its subscriber base. The corresponding expense is recorded as deferred contract costs and charged to cost of sales over the term of each contract. Guarantee payments, insurance premiums and insurance proceeds are included in the accrued warranty as incurred or received.

Accrued warranty increased to \$5.0 million (13% of deferred revenue) at December 31, 2006, from \$2.9 million (11% of deferred revenue) at June 30, 2006. The increase as a percent of deferred revenue reflects an increased proportion of guarantee products in the product mix and termination of third party insurance coverage for the program in July 2006. Each period, management evaluates its guarantee payment experience and considers whether changes are required to the estimated warranty provision. Based on guarantee payout experience since inception of the program, management decreased its accrual rate by 10% in Q2-F2007.

Deferred Revenue

Deferred revenue represents sales contracts invoiced for which the non-refundable payment is received or due to be paid in full, but for which the revenue is not yet recognizable under GAAP. Refer to Note 5 of the Notes to the Interim Consolidated Financial Statements for Q2-F2007 for a reconciliation of deferred revenue to sales contracts and revenue.

Deferred revenue grew to \$39.0 million at December 31, 2006 on year to date fiscal 2007 sales contracts of \$20.4 million. Future sales contracts will continue to increase this balance and will have a corresponding effect on revenue in future periods. Deferred revenue provides a high degree of visibility for future period revenues, with the current portion showing the amount that will be included in revenue over the next twelve months.

Accounting Changes

No accounting changes were adopted during the first six months of fiscal 2007 and fiscal 2006.

Quarterly Operating Data

(In millions except per share data)	Q2-07	Q1-07	Q4-06	Q3-06	Q2-06	Q1-06	Q4-05	Q3-05	Q2-05
Sales contracts	\$ 9.31	\$ 11.13	\$ 8.38	\$ 4.70	\$ 4.24	\$ 5.16	\$ 5.03	\$ 2.70	\$ 2.27
Revenue	4.56	3.98	3.36	2.99	2.76	2.58	2.34	2.21	2.15
Operating expenses	6.25	5.52	4.83	4.25	3.84	3.53	3.12	2.81	2.39
Net (loss)	(1.02)	(1.32)	(1.29)	(1.02)	(0.71)	(0.92)	(0.54)	(0.51)	(0.47)
Basic and diluted (loss) per share	(0.05)	(0.06)	(0.06)	(0.05)	(0.03)	(0.04)	(0.03)	(0.03)	(0.03)
Cash from operations	4.32	4.65	1.26	0.82	1.16	0.96	0.31	0.21	0.24

Shareholder's Equity and Outstanding Share Data

At December 31, 2006, Absolute had shareholder's equity of \$131,000. In evaluating the shareholder's equity, management believes it is important to consider the \$39.0 million of deferred revenue carried on the balance sheet. This represents prepaid and non-refundable revenue, which management expects to generate high margin revenue when recognized as much of the associated contract costs are already included in the operating deficit.

The Company's common shares trade on the TSX (TSX:ABT), and at December 31, 2006, the Company had 22,363,840 (22,425,467 at February 5, 2007) fully issued and outstanding common shares.

The following common share stock options and warrants are issued and outstanding:

- **Employee Stock Options:** At December 31, 2006, a total of 2,308,036 (2,405,786 at February 5, 2007) common stock options are granted and outstanding under the Company's Employee Share Option Plan. The options have a weighted average strike price of \$1.94 per share, and a weighted average term to expiry of 2.7 years. For the year to date in fiscal 2007, a total of 225,000 stock options were granted to employees at an average strike price of \$6.84, none of which were issued to insiders.
- **Employee Share Purchase Plan:** In fiscal 2006, the Company obtained shareholder approval for an Employee Share Purchase Plan whereby employees may purchase treasury shares at a 15% discount from market during a six month offering period. A total of one million shares have been reserved for grant under the Plan, of which 49,603 have been issued as at December 31, 2006. In January 2007, 58,377 treasury shares were issued to employees at a price of \$2.55 per share in accordance with the Plan based on the offering period ended December 31, 2006.
- **Branding Agreement Warrants:** The Company issued 500,000 warrants in fiscal 2006 to acquire rights to the "LoJack" brand name, all of which remain outstanding. The warrants have an exercise price of \$2.00 per share, vest 20% per year starting June 30, 2006, and expire the earlier of two years after vesting, June 30, 2010, or upon termination of the agreement.

Critical Accounting Policies and Estimates

Management considers the Company's accounting for sales contracts, deferred contract costs, warranty accruals and future tax assets to be critical accounting policies. An understanding of the accounting policies for these items is important for meaningful analysis of Absolute's business.

Sales contracts and deferred contract costs represent sales receipts and expenses that are generated or incurred at the start of each sales contract. These items are capitalized on the balance sheet as deferred revenue or deferred contract costs, and are recognized as revenue or expense ratably over the contract term.

Warranty accruals require management estimates of the amount of warranty claims that will be paid over the life of each sales contract. The value of the accrued warranty estimate is capitalized with deferred contract costs and charged to cost of sales ratably over the contract term. Accrual estimates are established based on Absolute's experience with loss and recovery rates, and are reviewed for reasonableness based on actual experience on a regular basis.

The Company has recognized a portion of its future tax assets on the balance sheet. Each reporting period, management assesses the likelihood of realizing future tax assets. Where management considers that it is more likely than not that some portion or all of the future tax assets will be realized, the estimated realizable value of the future tax asset is recognized on the balance sheet. The net income or loss after income taxes can vary widely in periods where tax assets are recognized.

Contractual Commitments

The Company does not have minimum purchase commitments and does not have significant contractual commitments beyond its leased premises, LoJack branding agreement and fulfillment of services under its sales contracts. The Company leases 11,574 square feet of office space in Vancouver, Canada, which expires on December 31, 2010. The Company has contractual commitments to perform computer theft recovery and automated monitoring services under its prepaid sales contracts, as detailed in the following table.

	Remainder of Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012 to 2015	Total
Sales Contract Revenue Earned	\$9,679,507	\$15,271,787	\$9,706,547	\$3,353,394	\$722,018	\$282,976	\$ 39,016,229

Off Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements.

Related Party Transactions

The Company does not generally enter into related party transactions. However, during the second quarter of fiscal 2007, the maturity date for three employee and director loans was extended to December 31, 2007 from December 31, 2006. In addition, two employee loans were settled in January 2007. Refer to note 6(c) to the Interim Consolidated Financial Statements at December 31, 2006 for further information.

Subsequent Events

Up to the date of this report, February 5, 2007, there have not been any significant subsequent events or transactions that would require disclosure in, or adjustment to, the consolidated financial statements as at December 31, 2006.

Disclosure Controls and Internal Controls over Financial Reporting

The Company has established and maintains disclosure controls and procedures and internal controls over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as of June 30, 2006, and have concluded that such controls and procedures are adequate and effective to ensure accurate and complete disclosures in annual and interim filings. To the date of this interim MD&A, there have not been any changes that materially affect, or are likely to affect, the issuer's internal controls over financial reporting.

Financial Statements

The interim consolidated financial statements included herein dated December 31, 2006 have not been reviewed by the Company's external auditors, nor have the external auditors been involved in the preparation of these interim financial statements.

Risks and Uncertainties

The Company is selling and developing products and services for new and emerging markets and, as a result, faces a number of risks, many of which are outlined below.

Microsoft Operating Systems – Absolute has designed the majority of its services to operate on certain generations of Microsoft Windows operating systems. The development by Microsoft of new versions of Windows or other operating systems, the market adoption of these or other operating systems developed by other vendors may have an adverse effect on Absolute's business if it is not able to adapt its technology to be compatible with these new operating systems.

Dependence on Distribution Channels – Absolute generates a substantial portion of its revenue through PC OEM channels and its sales strategy is built upon Absolute's ability to continue to maintain its BIOS position with these partners and grow its reseller channels. If unable to access end customers through its reseller channels, Absolute will have to change its sales strategy and may not be able to grow at the rates anticipated.

Operating Environment – The Computrace software that enables this product operates in a potentially hostile environment. In addition, Absolute's services rely upon connection to Absolute's monitoring center. If the computer is prevented from making, or is not able to make, a connection, Absolute will not have an opportunity to assist in recovering the stolen computer. If Absolute is unable to successfully demonstrate to customers that its software agent will call in, it may affect Absolute's ability to sell the theft recovery portion of the products offered to customers.

Product Errors – The software technology enabling Absolute's software services is complex and the related application software may contain errors or defects, especially when first introduced or when new versions are released. Any errors that are discovered after commercial release could result in loss of revenues or delay in market acceptance, diversion of development resources, damage to Absolute's reputation, increased service and warranty costs and liability claims.

Competition – It is also possible that new competitors will enter the marketplace. Several potential competitors are marketing or have announced the development of computer products in direct competition with Absolute. In addition, as Absolute develops new services, the Company may begin competing against companies with whom it did not previously compete. Such competitors may be able to develop and expand their services more quickly, adapt more swiftly to new or emerging technologies and changes in customer requirements, take advantage of acquisition and other opportunities more readily, and devote greater resources to the marketing and sale of their services and products than Absolute. Accordingly, the entry of new competitors could have a material adverse effect on Absolute's business, financial condition and results of operations.

Intellectual Property Rights – Absolute's revenue, cost of sales, and expenses may suffer if it cannot continue to license or enforce our intellectual property rights or if third parties assert that Absolute violates their intellectual property rights. The Company relies upon patent, copyright, trademark and trade secret laws in the United States and similar laws in other countries, and agreements with employees, customers, suppliers and other parties, to establish and maintain intellectual property rights in its Computrace technology platform. However, any of the direct or indirect intellectual property rights could be challenged, invalidated or circumvented, or such intellectual property rights may not be sufficient to permit Absolute to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly or delayed product redesign efforts, discontinuance of certain product offerings or other competitive harm. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States. Therefore, in certain jurisdictions Absolute may be unable to protect its proprietary technology adequately against unauthorized third-party copying or use, which could adversely affect its competitive position. Third parties also may claim that Absolute or customers or partners indemnified by Absolute are infringing upon their intellectual property rights. In recent years, individuals and groups have begun purchasing intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from established companies. Even if management believes that the claims are without merit, the claims can be time-consuming and costly to defend and divert management's attention and resources away from the business. Claims of intellectual property infringement also might require Absolute to redesign affected products, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting the marketing or selling certain of our products.

Emerging Markets and Technology – The market for Absolute's products is still emerging and continued growth and demand for, and acceptance of, these products remains uncertain. In addition, other emerging technology and markets may impact the viability of the market for Absolute's products. Absolute's continued success will depend upon its ability to keep pace with technological and marketplace change and to introduce, on a timely and cost-effective basis, new and enhanced products that satisfy changing customer requirements and achieve market acceptance. There can be no assurance that Absolute will be able to respond effectively to changes in technology or customer demands. Moreover, there can be no assurance that Absolute's competitors will not develop competitive products, or that any such products will not have an adverse effect upon Absolute's business, financial condition or results of operations.

Reliance on Key Personnel – Absolute's future performance depends in part upon attracting and retaining key technical, sales and management personnel. There can be no assurance that Absolute can retain these personnel, and the loss of the services of Absolute's key employees could have a material adverse effect on Absolute's business, operating results and financial condition.

Foreign Exchange – The Company's reporting and functional currency is the Canadian dollar. However, over 90% of the Company's sales, compared to approximately 50% of costs, are denominated in U.S. dollars. As a result, the Company is exposed to fluctuations in the Canadian and U.S. dollar exchange rate for which it does not enter into foreign exchange hedges. Should the Canadian dollar significantly appreciate relative to the U.S. dollar, then it could impede Absolute's ability to meet its Canadian dollar sales contract growth targets and to achieve cash positive operations.

ABSOLUTE SOFTWARE CORPORATION

Consolidated Balance Sheets (Unaudited)

(Expressed in Canadian dollars)

	As At	
	December 31, 2006	June 30, 2006
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 3,260,072	\$ 3,981,681
Short-term investments	22,279,022	12,705,454
Accounts receivable	6,892,452	6,175,169
Prepaid expenses and deposits	417,265	338,969
Current portion of deferred contract costs (Note 2)	3,732,438	2,686,334
Current portion of loans to directors and employees (Note 6 (c))	605,752	-
Current portion of future income tax assets (Note 3)	1,477,516	1,358,888
	38,664,517	27,246,495
DEFERRED CONTRACT COSTS (Note 2)	4,015,537	3,153,159
PROPERTY AND EQUIPMENT	1,048,014	715,346
FUTURE INCOME TAX ASSETS (Note 3)	1,377,145	1,415,080
INTANGIBLE ASSET	447,211	511,098
	\$ 45,552,424	\$ 33,041,178
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,372,893	\$ 2,025,391
Current portion of accrued warranty (Note 4)	2,648,137	1,368,174
Current portion of deferred revenue (Note 5)	18,006,593	12,676,472
	22,027,623	16,070,037
ACCRUED WARRANTY (Note 4)	2,383,826	1,552,521
DEFERRED REVENUE (Note 5)	21,009,636	14,321,172
	45,421,085	31,943,730
SHAREHOLDERS' EQUITY		
Share capital and other equity (Note 6 (a))	37,211,018	36,792,277
Contributed surplus (Note 6 (b))	8,253,181	7,899,061
Loans to directors and employees (Note 6 (c))	(493,923)	(644,220)
Deficit	(44,838,937)	(42,949,670)
	131,339	1,097,448
	\$ 45,552,424	\$ 33,041,178

See accompanying Notes to Interim Consolidated Financial Statements.

APPROVED ON BEHALF OF THE BOARD:



John Livingston
Director



Ian Reid
Director

ABSOLUTE SOFTWARE CORPORATION
Consolidated Statements of Operations and Deficit (Unaudited)

Three and six months ended December 31, 2006 and 2005

(Expressed in Canadian dollars)

	Three Months		Six Months	
	2006	2005	2006	2005
REVENUE				
Monitoring revenue	\$ 4,516,218	\$ 2,730,336	\$ 8,460,970	\$ 5,202,209
Installation services, licensing fees and other revenues	42,434	34,188	72,896	140,760
	4,558,652	2,764,524	8,533,866	5,342,969
COST OF GOODS SOLD				
Monitoring, support and recovery	1,259,019	716,378	2,364,402	1,255,100
Technical support and product maintenance	276,605	233,951	525,491	475,765
	1,535,624	950,329	2,889,893	1,730,865
GROSS MARGIN	3,023,028	1,814,195	5,643,973	3,612,104
EXPENSES				
Sales and marketing	2,217,895	1,381,985	4,492,210	2,874,154
Research and development	969,665	463,112	1,574,227	885,008
General and administration	1,344,280	937,076	2,465,248	1,681,849
Stock-based compensation	183,791	105,668	354,120	192,412
	4,715,631	2,887,841	8,885,805	5,633,423
OPERATING LOSS	(1,692,603)	(1,073,646)	(3,241,832)	(2,021,319)
OTHER INCOME (EXPENSE)				
Interest and other income	255,385	109,048	418,233	176,956
Interest and bank charges	(20,440)	(7,872)	(30,748)	(13,840)
Foreign exchange gain (loss)	435,251	138,642	428,933	(60,694)
	670,196	239,818	816,418	102,422
LOSS FOR PERIOD BEFORE INCOME TAXES	(1,022,407)	(833,828)	(2,425,414)	(1,918,897)
FUTURE INCOME TAX RECOVERY (Note 3)	-	125,074	80,693	287,834
NET LOSS FOR THE PERIOD	(1,022,407)	(708,754)	(2,344,721)	(1,631,063)
DEFICIT, BEGINNING OF PERIOD	(44,266,270)	(39,945,829)	(42,949,670)	(39,022,768)
INTEREST AND EXCHANGE ON LOANS TO DIRECTORS AND EMPLOYEES	11,962	4,246	17,676	3,494
WRITE-UP OF LOANS TO DIRECTORS AND EMPLOYEES (Note 6 (c))	437,778	-	437,778	-
DEFICIT, END OF PERIOD	\$ (44,838,937)	\$ (40,650,337)	\$ (44,838,937)	\$ (40,650,337)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.05)	\$ (0.03)	\$ (0.11)	\$ (0.08)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	22,329,551	21,260,950	22,236,142	21,147,574

See accompanying Notes to Interim Consolidated Financial Statements.

ABSOLUTE SOFTWARE CORPORATION

Consolidated Statements of Cash Flows (Unaudited)

Three and six months ended December 31, 2006 and 2005

(Expressed in Canadian dollars)

	Three Months		Six Months	
	2006	2005	2006	2005
OPERATING ACTIVITIES				
Net loss for the period	\$ (1,022,407)	\$ (708,754)	\$ (2,344,721)	\$ (1,631,063)
Items not involving cash				
Amortization of property and equipment	109,665	83,847	205,352	175,471
Stock-based compensation	183,791	105,668	354,120	192,412
Amortization of intangible asset	31,944	31,943	63,887	63,887
Future income taxes	-	(125,074)	(80,693)	(287,834)
Change in non-cash operating working capital				
Accounts receivable	51,570	515,337	(717,283)	535,112
Prepaid expenses and deposits	(77,959)	(16,065)	(78,296)	(59,231)
Deferred contract costs	(581,308)	(313,267)	(1,908,482)	(990,090)
Accounts payable and accrued liabilities	20,339	(45,999)	(652,498)	(411,744)
Accrued warranty	773,380	200,857	2,111,268	539,140
Deferred revenue	4,831,512	1,428,866	12,018,585	3,993,639
CASH FROM OPERATING ACTIVITIES	4,320,527	1,157,359	8,971,239	2,119,699
INVESTING ACTIVITIES				
Property and equipment purchased	(356,483)	(31,802)	(538,021)	(91,527)
Short-term investments (acquisition) disposal, net	(9,688,383)	(2,597,405)	(9,573,568)	(11,462,009)
CASH (USED IN) FROM INVESTING ACTIVITIES	(10,044,866)	(2,629,207)	(10,111,589)	(11,553,536)
FINANCING ACTIVITIES				
Common shares issued on exercises of options and warrants	83,548	413,505	418,741	542,621
CASH FROM FINANCING ACTIVITIES	83,548	413,505	418,741	542,621
NET CASH INFLOW (OUTFLOW)	(5,640,791)	(1,058,343)	(721,609)	(8,891,216)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	8,900,863	3,945,539	3,981,681	11,778,412
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 3,260,072	\$ 2,887,196	\$ 3,260,072	\$ 2,887,196
COMPOSITION OF CASH AND CASH EQUIVALENTS:				
Cash			\$ 3,260,072	\$ 2,887,196
Cash equivalents			-	-
			\$ 3,260,072	\$ 2,887,196
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITY:				
Warrants issued under branding agreement	\$ -	\$ -	\$ -	\$ 638,873
Loans to directors and employees reclassified to current assets (Note 6 (c))	\$ 605,752	\$ -	\$ 605,752	\$ -

See accompanying Notes to Interim Consolidated Financial Statements.

ABSOLUTE SOFTWARE CORPORATION

Notes to the Interim Consolidated Financial Statements (Unaudited)

Six months ended December 31, 2006 and 2005 (Expressed in Canadian dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited interim consolidated financial statements do not include all information and footnote disclosures required for an annual set of financial statements under Canadian generally accepted accounting principles. In the opinion of management, all adjustments (consisting solely of normal recurring adjustments) considered necessary for a fair presentation of the financial position, results of operations and cash flows as at and for the three and six months ended December 31, 2006 have been included. Interim results for the three and six months ended December 31, 2006 and 2005 are not necessarily indicative of the results that may be expected for the fiscal year as a whole.

These interim consolidated financial statements include the accounts of Absolute Software Corporation and its wholly owned subsidiaries, Absolute Software Inc. (U.S.), Computer Recovery Inc. (U.S.), Absolute Software EMEA Limited (U.K.) (formerly UK Beachhead Limited), and 609713 BC Ltd. All intercompany balances and transactions have been eliminated. These interim financial statements follow the same accounting policies and methods of application as the most recent audited financial statements, and should be read in conjunction with the annual consolidated financial statements and notes thereto included in the Company's 2006 Annual Report for the year ended June 30, 2006.

2. DEFERRED CONTRACT COSTS

	As at	
	December 31, 2006	June 30, 2006
Prepaid sales commissions	\$ 3,359,668	\$ 2,629,915
Accrued warranty and prepaid insurance costs	4,269,537	3,025,923
Other prepaid / accrued contract costs	118,770	183,655
Balance at the end of the period	7,747,975	5,839,493
Less: Current portion	(3,732,438)	(2,686,334)
Long term portion	\$ 4,015,537	\$ 3,153,159

3. FUTURE INCOME TAX ASSETS

At June 30, 2006 Absolute reported total future tax assets of \$13.0 million, of which \$2.8 million had been valued and recorded on the Company's balance sheet. The future tax assets relate to, among other things, timing differences relating to deferred revenue balances and to tax losses carry forward balances. In the quarter ended September 30, 2006, the future tax asset was increased by \$80,693 to \$2.9 million. Management reviewed the value of tax assets at December 31, 2006 and determined that no further adjustment was required.

4. ACCRUED WARRANTY AND GUARANTEE

	As at	
	December 31, 2006	June 30, 2006
Balance at the beginning of the period	\$ 2,920,695	\$ 1,254,063
Warranty accrual on new sales contracts	* 2,163,482	2,762,372
Warranty claims paid	* (347,085)	(612,244)
Insurance premiums paid, net of insurance proceeds	* 294,871	(483,495)
Balance at the end of the period	5,031,963	2,920,695
Less: Current portion	(2,648,137)	(1,368,174)
Long term portion	\$ 2,383,826	\$ 1,552,521

* For 6 months ended December 31, 2006 and 12 months ended June 30, 2006.

5. DEFERRED REVENUE

	As at	
	December 31, 2006	June 30, 2006
Balance at the beginning of the period	\$ 26,997,644	\$ 16,342,000
Add: Sales contracts during the period	* 20,444,044	22,480,070
Less: Revenue recognized during the period	* (8,533,866)	(11,691,240)
Less: Other adjustments	* 108,407	(133,186)
Balance at the end of the period	39,016,229	26,997,644
Less: Current portion	(18,006,593)	(12,676,472)
Long term portion	\$ 21,009,636	\$ 14,321,172

* For 6 months ended December 31, 2006 and 12 months ended June 30, 2006.

6. SHAREHOLDER'S EQUITY

(a) Issued

	Number of Shares	Number of Warrants	Amount
Common shares			
Balance at June 30, 2006	21,992,680	556,343	\$ 36,792,277
Shares issued on options exercised (d)	265,214	-	213,373
Shares issued under Employee Share Purchase Plan	49,603	-	126,488
Shares issued on broker warrants exercised	56,343	(56,343)	78,880
Balance December 31, 2006	22,363,840	500,000	\$ 37,211,018

(b) Contributed Surplus

	As at	
	December 31, 2006	June 30, 2006
Contributed surplus, beginning of period	\$ 7,899,061	\$ 6,784,681
Stock-based compensation expense recorded on option and purchase plans	* 354,120	475,507
Intangible asset recorded on granting of Warrants	* -	638,873
Contributed surplus, end of period	\$ 8,253,181	\$ 7,899,061

* For 6 months ended December 31, 2006 and 12 months ended June 30, 2006.

(c) Loans to Directors and Employees

At June 30, 2006, the Company had five loans to directors and employees outstanding. In December of 2006, the maturity date for three of these loans was extended from December 31, 2006 to December 31, 2007. No other changes to the terms of these loans were made. The principal and interest balance due of \$493,923 for these loans is included in shareholder's equity at December 31, 2006, and the loans are secured by 550,000 common shares in the Company. The remaining two loans were repaid in January of 2007 in the amount of \$605,752, which has been reclassified from shareholder's equity and recorded as loans receivable in current assets at December 31, 2006. In fiscal 2002, the Company ceased recording interest on one of these loans and recorded a valuation adjustment in the operating loss to reduce the carrying value. Since the full outstanding value of this loan was repaid, the value of the loan was written back up at December 31, 2006 with the resulting \$437,778 adjustment credited to deficit.

(d) Stock options

The 2001 Employee Share Option Plan provides that a maximum of 4,065,206 common shares may be allocated to participants. After adjusting for options exercised under the Plan, there are a total of 2,519,367 available to be allocated to participants under the Plan, all but 211,331 of which have been granted. At December 31, 2006, the total share options outstanding were:

Share options outstanding, beginning of period	2,463,250
Exercised during the period	(259,714)
Forfeited during the period	(120,500)
Granted during the period	225,000
Outstanding, end of period	2,308,036
Weighted average exercise price	\$ 1.94
Weighted average term remaining	2.7 years
Number of options exercisable at December 31, 2006	857,480
Weighted average price of exercisable options	\$ 0.93

(e) Pro forma fair value stock-based compensation expense

The Company has adopted the amended recommendations of the CICA Handbook Section 3870 prospectively from July 1, 2003. Accordingly, the Company only recognized compensation expense for stock options granted to employees and directors commencing July 1, 2003. Had the Company determined compensation expense for options granted to employees and directors since adoption of the new stock-based compensation standard on July 1, 2002 based on the fair value method of accounting for stock-based compensation, the Company's pro forma loss and loss per share for the six months ended December 31, 2006 and 2005 would have been as follows:

	Six Months Ended	
	December 31,	
	2006	2005
Loss for the period	\$ (2,344,721)	\$(1,631,063)
Add: stock-based compensation included in operations for the period	354,120	192,412
Less: stock-based compensation determined for all awards from the original effective date of July 1, 2002	(369,805)	(219,661)
Pro forma loss for the period	\$ (2,360,406)	\$(1,658,312)
Pro forma basic and diluted loss per share	\$ (0.11)	\$ (0.08)

7. SEGMENTED INFORMATION

The Company carries on business in the computer security monitoring industry and all sales are made in this segment. Its activities are carried out in the United States, Canada, United Kingdom and through resellers in Australia and South Africa. For the six months ended December 31, 2006, total revenues in the United States were \$7,991,391 (2005 - \$4,907,398) and in Canada and internationally were \$542,475 (2005 - \$435,571). A majority of the Company's long-lived assets are located in Canada. The only material U.S. denominated assets at December 31, 2006 include cash balances of U.S. \$1,661,908 (2005 - U.S. \$2,366,176) and accounts receivable balances of U.S. \$5,558,540 (2005 - U.S. \$2,534,497).

BOARD OF DIRECTORS

John Livingston

Chairman, Chief Executive Officer
Absolute Software Corporation
Vancouver, BC

Christian Cotichini*

Vancouver, BC

Terry Libin**

Calgary, AB

Ian Reid***

Vancouver, BC

CORPORATE INFORMATION

Auditors

Deloitte & Touche LLP
Vancouver, BC

Trust Agent

CIBC Mellon Trust
www.cibcmellon.com
Toronto, ON

Legal Counsel

Lang Michener
Vancouver, BC

Common Shares

Absolute Software common shares are traded on the Toronto Stock Exchange (TSX) under the trading symbol ABT.

OFFICERS AND SENIOR MANAGEMENT

John Livingston

Chairman, Chief Executive Officer

Phil Gardner

Chief Technology Officer

Rob Chase

Chief Financial Officer

Rich Cohen

Vice President, Sales

Ben Haidri

Vice President, Marketing and Business Development

Don Hughes

Area Vice President, Channel Sales

Gareth Mason

Vice President, Service Delivery

Trevor Wiebe

General Counsel & Assistant Corporate Secretary

ADDITIONAL INFORMATION

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Absolute[®]Software

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* Chairman of Compensation Committee

** Chairman of Strategic Planning Committee

*** Chairman of Audit Committee