



Absolute Software Reports First Quarter Fiscal 2010 Results

VANCOUVER, CANADA – November 2, 2009 – Absolute® Software (TSX: ABT), the leading provider of firmware-based, patented computer theft recovery, data protection and secure IT asset management solutions, announces its financial results for the three-month period ended September 30, 2009. All dollar amounts are in Canadian dollars unless otherwise stated.

<i>Key Financial Metrics</i>	<i>Q1-F2010</i>	<i>Q1-F2009</i>	<i>% change</i>
Sales Contracts reported^{1.a}	\$19.2M	\$18.2M	+5%
Sales Contracts in constant dollars^{1.b}	\$18.3M	\$18.2M	+1%
Cash from Operating Activities^{1.a}	\$4.3M	\$9.1M	-53%
Basic and diluted operating cash per share^{1.a}			
Basic	\$0.09	\$0.19	-50%
Diluted	\$0.09	\$0.18	-50%
Revenue	\$15.0M	\$12.1M	+24%
Net loss	\$(2.0M)	\$(2.2M)	-7%
Loss per share (diluted)	\$(0.04)	\$(0.05)	-20%

Q1-F2010 Highlights:

- Cash, cash equivalents & investments (including long-term) were \$73.9 million at September 30, 2009, up from \$68.9 million at June 30, 2009
- Deferred revenue was \$99.6 million at September 30, 2009, up from \$95.9 million at June 30, 2009
- Increased contracted subscription base by 13% to 4.3 million, from 3.8 million in Q1-F2009
- Expanded international operations with opening of a regional office in Japan and launch of a Japanese offering
- Launched Computrace® LoJack® for Laptops for new Dell Inspiron Mini Nickelodeon Edition notebook
- Launched Geofencing capabilities for mobile devices
- Announced Computrace support for Windows 7

“Results for the quarter were within the range of our expectations and despite the continued economic and currency headwinds we believe that we are on track to meet our fiscal 2010 guidance,” said John Livingston, Chairman and CEO of Absolute. “We continue to execute on promising new initiatives, and believe that innovative OEM programs, including those with HP, Lenovo and Intel, will help us in our drive to increase attach rates with our key PC OEM partners. On the international front, we are expanding our footprint, and we anticipate that Intel’s roll out of its new anti-theft products, and a pick-up in the refresh cycle prompted by Windows 7, will help drive future growth.”

Financial Review

Sales Contracts for Q1-F2010 were \$19.2 million compared to \$18.2 million in Q1-F2009. A majority of Absolute’s sales are denominated in U.S. dollars and therefore, periodic fluctuations in the US/Canadian exchange rate can impact reported Sales Contract levels. In

constant currency, Sales Contracts increased 1% in Q1-F2010 compared to the same period last year. The increase from the prior period in constant dollar terms is primarily due to strength in the commercial segment and growth in the international business.

Commercial sales were up 8% year-over-year in constant currency due primarily to strength in the education, government and healthcare markets, and offset in part by slower activity in the corporate market. Commercial sales to existing customers continued to show strength, generating sales of \$14.2 million for the quarter, up 23% (16% in constant dollars) compared to \$11.5 million in Q1-F2009.

Absolute deploys its services through a software-as-a-service ("SaaS") model. A feature of the SaaS model is its ability to generate significant operating cash flows. Absolute's cash from Operating Activities for Q1-F2010 totaled \$4.3 million compared to \$9.1 million in Q1-F2009. Cash from Operating Activities is on track for annual fiscal 2010 guidance, and is consistent with the Company's stated investment strategy. Cash from Operating Activities on a diluted share basis was \$0.09 in Q1-F2010, compared to \$0.18 in Q1-F2009.

"Global computer shipments are expected to grow 50% in the next four years meaning our addressable market opportunity is significant and growing; every computer sold worldwide is a potential customer," said Rob Chase, CFO of Absolute. "In this context, reinvestment in our products, our partners and our personnel is the right plan; it puts us on the right strategic path to capitalize on the strengths of our core business and leverage our momentum as we grow our business on an international scale."

Revenue for Q1-F2010 was \$15.0 million, an increase of 24% from \$12.1 million in Q1-F2009. Revenue is a lagging performance indicator as it is a function of deferred revenue as opposed to sales in the quarter. The majority of all of the revenue from Q1-F2010 Sales Contracts is included in deferred revenue on the balance sheet at September 30, 2009, which climbed to \$99.6 million, compared to \$95.9 million at June 30, 2009.

The GAAP net loss in Q1-F2010 was \$2.0 million (\$0.04 earnings per share) compared to a net loss of \$2.2 million (\$0.05 loss per share) in Q1-F2009.

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 September 30, 2009, Absolute's cash, cash equivalents, short-term investments and investments were \$73.9 million, compared to \$68.9 million at June 30, 2009.

Guidance

Absolute previously issued F2010 financial guidance as follows:

- Sales Contracts of \$80-86 million
- Cash from Operating Activities of \$12-15 million

It is important to note that these targets were set assuming a U.S. dollar exchange rate of \$1.10.

Management's discussion and analysis (MD&A), consolidated financial statements and notes thereto for the first quarter can be obtained today from Absolute's corporate website at www.absolute.com. The documents will also be available at www.sedar.com.

Notice of Conference Call

Absolute Software will hold a conference call to discuss the contents of this release on Monday November 2, 2009 at 2.00 p.m. PT (5:00 p.m. ET). All interested parties can join the call by dialing 416-644-3422 or 1-800-731-5319. Please dial-in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until Monday November 9, 2009 at midnight. To access the archived conference call, please dial 416-640-1917 or 1-877-289-8525 and enter the reservation code 4169805 followed by number sign.

A live audio Webcast of the conference call will be available at www.absolute.com and www.newswire.ca. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the Webcast. An archived replay of the Webcast will be available for 365 days at www.newswire.ca.

^{1.a} Absolute refers to "**Sales Contracts**" (invoiced sales) as a revenue measure, "**Cash from Operating Activities**" as a profitability measure, and "**Basic and Diluted Operating Cash per Share**" (Cash from Operating Activities divided by the average shares outstanding for the period; diluted calculated using the treasury stock method) as an earnings per share measure. With the exception of Cash from Operating Activities, these are non-standard measures under Canadian Generally Accepted Accounting Principals. Absolute considers these measures to be key performance metrics as substantially all Sales Contracts in each quarter are deferred on the balance sheet, while the related costs are expensed in that same quarter. Refer to the Business Model section in our Management Discussion and Analysis for more details.

^{1.b} Sales Contracts in constant currency refers to the Canadian dollar sales that would have been reported had the U.S. dollar exchange rate been unchanged from the rate in the prior year. With approximately 95% of Sales Contracts in U.S. dollars management believes this to be a more meaningful evaluation of the underlying performance of the business.

About Absolute

Absolute Software Corporation (TSX: ABT) is the leader in computer theft recovery, data protection and Secure Asset Tracking(R) solutions. Absolute Software provides organizations and consumers with solutions in the areas of regulatory compliance, data protection and theft recovery. The Company's Computrace(R) software is embedded in the firmware of computers by global leaders, including ASUS, Dell, Fujitsu, General Dynamics Itronix, HP, Lenovo, Motion, Panasonic and Toshiba. The Company has reselling partnerships with these OEMs and others, including Apple. For more information about Absolute Software and Computrace, visit www.absolute.com or <http://blog.absolute.com/>.

Forward-Looking Statements

This press release contains forward-looking statements that involve risks and uncertainties. These forward-looking statements relate to, among other things, a continuing, or increased need for data protection and theft recovery services in difficult economic times, the attainment of certain subscription targets and company performance, the increased adoption of the Company's data protection and theft deterrence products, the ability of the Company to achieve its \$80-86 million Sales Contracts and \$12-15 million Cash from Operating Activities FY 2010 targets, the ability of the Company to successfully execute on its growth strategies, including attracting new retail partners, the demand for its products continuing to increase, stable currency valuations and a sufficiently stable and healthy global economic and business environment, and other expectations, intentions and plans contained in this press release that are not historical fact. When used in this press release, the words "plan," "expect," "believe," and similar expressions generally identify forward-looking statements. These statements reflect Absolute's 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 you should understand that Absolute cannot assure you that the forward-looking statements contained in this press release will be realized.

©2009 Absolute Software Corporation. All rights reserved. Computrace and Absolute are registered trademarks of Absolute Software Corporation. All other trademarks are property of their respective owners. Computrace U.S. patents No. 5,715,174, No. 5,764,892, No. 5,802,280, No. 5,896,497, No. 6,244,758, No. 6,269,392, No. 6,300,863, and No. 6,507,914. Canadian patents No. 2,284,806 and No. 2,205,370. U.K. patents No. EP793823 and No. GB2338101. German patent No. 695 125 34.6-08. Australian patent No. 699045. Japan patent No. JP4067035. The Toronto Stock Exchange has neither approved nor disapproved of the information contained in this news release.

For more information please contact:

John Livingston, Chief Executive Officer (jliving@absolute.com) or Phone: (604) 730-9851;

Rob Chase, Chief Financial Officer (rchase@absolute.com) or Phone: (604) 730-9851;

Dave Mason, Investor Relations (dmason@equicomgroup.com) or Phone: (416) 815-0700 x237

Website: <http://www.absolute.com>

ABSOLUTE SOFTWARE CORPORATION
Consolidated Balance Sheets
(Expressed in Canadian dollars) (Unaudited)

	As At	
	September 30, 2009	June 30, 2009
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 48,167,419	\$ 56,078,004
Short-term investments	1,572,973	8,743,861
Accounts receivable, net of allowance for doubtful accounts of \$1,846,000 (2009 - \$2,387,000)	11,750,674	15,570,780
Prepaid expenses and other	999,769	974,564
Current portion of deferred contract costs	3,709,740	3,609,944
Current portion of future income tax assets	11,401,121	10,646,521
	77,601,696	95,623,674
INVESTMENTS	24,184,865	4,076,211
DEFERRED CONTRACT COSTS	3,833,090	3,765,717
PROPERTY AND EQUIPMENT	2,612,558	2,644,275
FUTURE INCOME TAX ASSETS	11,866,473	11,081,073
INTANGIBLE ASSET	95,831	127,775
	\$ 120,194,513	\$ 117,318,725
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,547,802	\$ 6,775,466
Income tax payable	\$ 3,035,000	\$ 1,575,000
Current portion of accrued warranty	5,508,798	5,288,520
Current portion of deferred revenue, net	48,688,514	46,577,880
	61,780,114	60,216,866
ACCRUED WARRANTY	6,212,048	5,963,650
DEFERRED REVENUE, NET	50,939,843	49,278,726
	118,932,005	115,459,242
SHAREHOLDERS' EQUITY		
Share capital and other equity	43,205,993	41,988,977
Contributed surplus	27,044,642	26,822,975
Deficit	(68,988,127)	(66,952,469)
	1,262,508	1,859,483
	\$ 120,194,513	\$ 117,318,725

ABSOLUTE SOFTWARE CORPORATION
Consolidated Statements of Loss and Comprehensive Loss

Three months ended September 30, 2009 and 2008
(Expressed in Canadian dollars) (Unaudited)

	<u>2009</u>	<u>2008</u>
REVENUE	\$ 15,047,060	\$ 12,109,048
COST OF GOODS SOLD	<u>3,754,413</u>	<u>3,323,685</u>
GROSS MARGIN	<u>11,292,647</u>	<u>8,785,363</u>
EXPENSES		
Sales and marketing	8,169,768	6,924,218
Research and development	1,629,108	1,702,988
General and administration	1,916,999	1,719,761
Investment tax credits	(250,000)	-
Stock-based compensation	586,461	1,560,327
	<u>12,052,336</u>	<u>11,907,294</u>
OPERATING LOSS	<u>(759,689)</u>	<u>(3,121,931)</u>
OTHER INCOME (EXPENSE)		
Interest and bank charges	157,707	452,143
Foreign exchange gain (loss)	(1,399,246)	916,148
Unrealized gain (loss) on investment	135,570	(424,089)
	<u>(1,105,969)</u>	<u>944,202</u>
LOSS FOR PERIOD BEFORE INCOME TAXES	<u>(1,865,658)</u>	<u>(2,177,729)</u>
INCOME TAX EXPENSE	<u>(170,000)</u>	<u>-</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	<u>(2,035,658)</u>	<u>(2,177,729)</u>
DEFICIT, BEGINNING OF PERIOD	(66,952,469)	(56,752,618)
DEFICIT, END OF PERIOD	\$ (68,988,127)	\$ (58,930,347)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.04)	\$ (0.05)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	<u>45,920,705</u>	<u>47,949,560</u>

ABSOLUTE SOFTWARE CORPORATION
Consolidated Statements of Cash Flows
Three months ended September 30, 2009 and 2008
(Expressed in Canadian dollars) (Unaudited)

	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES		
Net loss for the period	\$ (2,035,658)	\$ (2,177,729)
Items not involving cash		
Amortization of property and equipment	302,638	229,808
Stock-based compensation	586,461	1,560,327
Amortization of intangible asset	31,944	31,943
Future income taxes	(1,540,000)	-
Unrealized loss (gain) on investment	(135,570)	424,089
Change in non-cash operating working capital		
Accounts receivable	3,820,106	5,815,815
Prepaid expenses and other	(25,205)	82,987
Deferred contract costs	(167,169)	(223,249)
Accounts payable and accrued liabilities	(2,227,664)	(276,785)
Income tax payable	1,460,000	-
Accrued warranty	468,676	859,958
Deferred revenue	3,771,752	2,765,572
CASH FROM OPERATING ACTIVITIES	4,310,311	9,092,736
INVESTING ACTIVITIES		
Property and equipment purchased	(270,922)	(705,899)
Proceeds from maturities of short term investments	7,306,458	1,570,571
Purchases of short term investments	-	(704,876)
Purchases of investments	(20,108,654)	(2,438,554)
CASH USED IN INVESTING ACTIVITIES	(13,073,118)	(2,278,758)
FINANCING ACTIVITIES		
Issuance of common shares	852,222	893,661
CASH FROM FINANCING ACTIVITIES	852,222	893,661
NET CASH (OUTFLOW) INFLOW	(7,910,585)	7,707,639
CASH AND CASH EQUIVALENTS,		
 BEGINNING OF PERIOD	56,078,004	46,460,299
CASH AND CASH EQUIVALENTS,		
 END OF PERIOD	\$ 48,167,419	\$ 54,167,938