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QSound Announces Partner Agreement with ARM to Deliver Industry-Leading Enhanced Audio Solutions

Calgary, Canada , September 6, 2006 -- QSound Labs, Inc. (NASDAQ: QSND), a leading developer of audio and voice software solutions, today announced that it has entered into an agreement with ARM [(LSE:ARM); (NASDAQ: ARMHY)] on a strategic collaboration to bring industry-leading MIDI synthesis, 3D spatialization, stereo enhancement and 3D positional audio solutions to the wireless market.

The partnership will include joint engineering, marketing and roadmap alignment activities related to the QSound microQ audio software solution. Through this collaboration QSound and ARM will be strongly positioned to respond to the demanding industry requirements within the Ringtone, Music and Gaming markets by providing highly optimized audio software solutions across the ARM® CPU family.

“As users increasingly demand mobile handsets and personal electronic devices with further enhanced audio feature sets and advanced performance, this collaboration between QSound and ARM makes complete sense,” said Will Strauss, president of Forward Concepts, a leading technology market research firm. “ARM’s leading position in this market segment, and the industry acceptance of QSound’s microQ audio software solution, will provide a solid basis for the success of this relationship.”

“After evaluation of the QSound microQ technology, we found it offered the best combination of audio quality, performance and memory usage, resulting in a highly competitive solution. In addition the modular, component-based architecture creates a flexible solution which addresses the audio requirements of mobile handsets in a more scalable fashion,” said Lance Howarth, general manager, Embedded Software, ARM. “As requirements for audio sub-systems increase to include synthesized and sampled ringtones, stereo effects, and 3D positional audio, processing demands increase. With QSound expertise in audio processing and ARM’s knowledge of optimizing software for the ARM architecture, together, we can offer a highly competitive solution.”

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“The partner agreement between QSound and ARM will enable QSound to remain at the forefront of the audio technology market,” said David Gallagher, president and CEO, QSound Labs Inc. “The ability to deliver ARM technology-optimized microQ solutions today, coupled with the benefit of access to and alignment with the ARM roadmap in the future, will enable mobile handset OEMs and platform providers worldwide to be certain of ‘Best in Class’ implementations for all of QSound’s product portfolio.”

About ARM

ARM is a registered trademark of ARM Limited. All other brands or product names are the property of their respective holders. “ARM” is used to represent ARM Holdings plc; its operating company ARM Limited; and the regional subsidiaries ARM INC.; ARM KK; ARM Korea Ltd.; ARM Taiwan; ARM France SAS; ARM Consulting (Shanghai) Co. Ltd.; ARM Belgium N.V.; AXYS Design Automation Inc.; AXYS GmbH; ARM Embedded Technologies Pvt. Ltd.; and ARM Physical IP, Inc.

About QSound Labs, Inc.

Since its inception in 1988, QSound Labs, Inc. has established itself as one of the world’s leading audio technology companies. The company has developed proprietary audio solutions that include virtual surround sound, positional audio and stereo enhancement for the mobile devices, consumer electronics, PC/multimedia, and Internet markets. QSound Labs’ cutting-edge audio technologies create rich 3D audio environments allowing consumers to enjoy stereo surround sound from two, four and up to 7.1 speaker systems. The company’s customer and partner roster includes Aplix, Aricent, ARM, ATI, BenQ, Broadcom, HiSilicon, Lenovo, Marvell (Intel), MITAC, Monta Vista, PacketVideo, Philips, Qualcomm, RealNetworks, Sanyo, Sony Vaio, Tensilica, Texas Instruments, Thomson, Toshiba, Trolltech, UTStarcom, Zoran and ZTE among others. To hear 3D audio demos and learn more about QSound, visit our web site at <http://www.qsound.com>.

QSound Labs, Inc. - Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Act of 1995 concerning, among other things, collaboration with ARM on joint engineering, marketing and roadmap alignment activities for microQ, strong positioning of QSound and ARM to respond to industry requirements for audio software solutions in the mobile device market with highly competitive solutions, and ability for QSound to lead in the audio technology market. Such forward-looking statements involve risk and uncertainties, which could cause actual results, performance or achievements of QSound, or industry results to differ materially from those reflected in the forward-looking statements, and which include continued partnership and collaboration activities with ARM, acceptance of microQ by OEM’s, ODM’s and consumers, continued growth of the mobile devices market, dependence on intellectual property, rapid technological change, competition, general economic and business conditions, and other risks detailed from time to time in QSound’s periodic reports filed with the SEC. Forward-looking statements are based on the current expectations, projections and opinions of QSound’s management, and QSound undertakes no obligation to publicly release the results of any revisions to such forward-looking statements which may be made, for example to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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