



FOR IMMEDIATE RELEASE

Press Contact

David Gallagher
+1-403-291-2492
info@qsound.com

QSound Labs Reports First Quarter Results for 2009

Calgary, Alberta, June 10, 2009 -- For the quarter ending March 31, 2009 consolidated revenues were \$701,000 as compared to \$423,000 for the corresponding quarter in 2008, an increase of 66% and an increase of 40% versus the preceding quarter. The net loss for the first quarter was \$(46,000) or \$(0.00) per share as compared to \$(572,000) or \$(0.06) per share in FY2008.

Revenues were higher than expected as a result of booking a one-time non-recurring license fee totaling \$175,000 during the quarter. The cost containment program launched in late 2008 has significantly reduced expenses. Additional measures were introduced during the first quarter of 2009, so the full effect of this cost containment program will not be evident until the second quarter. Cash was used during the quarter to reduce long term debt by \$114,000 and acquire software rights totalling \$45,000. This resulted in a cash position decrease which has been more than offset by receivable collections of approximately \$400,000 made subsequent to the quarter end.

First Quarter Highlights

- LG phone models featuring both mQSynth and mQFx technology from QSound previously released in late 2008 continued to sell well during the First Quarter. In particular, LG's KS360 and the Cookie KP500 models have been popular.
- LG introduced three new cell phone models with QSound's technology during the quarter. These included the KS660, the Cookie KP570Q and the Neon TE365 models. The KP570Q is the Cookie for Central and South American countries.

- more -

QSound Labs, Inc.

Head Office & Technical Research Facility: #102, 2816 - 11th Street NE Calgary, Alberta, Canada T2E 7S7
Tel: +1-403-291-2492 • Fax: +1-403-250-1521 • Email: info@qsound.com

www.qsound.com

- QSound's relationship with Pantech continued with the launch of Pantech's Matrix Pro for AT&T in February of 2009.
- Toshiba continued to use QSound's technology in their previously announced 40" inch and 46" LCD TVs. This licensing relationship has continued with the use of QSound's QSurround and QXpander software in new versions of the Toshiba 40" and 46" LCD TV models for 2009.
- QSound's Ripp3D engine continues selling through Verizon in the Guitar Hero World Tour mobile game.
- QSound's Ripp3D engine is used in games available for download in the widely anticipated Zeebo video game console currently launching in Brazil. Zeebo is a joint venture between Qualcomm and Tectoy and targets the middle income market in Brazil using competitive pricing and a novel downloadable game model. QSound's Ripp3D graphics engine is licensed for use in the game "Prey Evil" that all Zeebo purchasers are entitled to freely download and will result in a royalty payment to QSound for each Zeebo game console sold in Brazil. Zeebo's online game library will also contain three additional Ripp3D engine games including a different version of Prey and Duke Nukem. Each of the three games in Zeebo's library yield royalties to QSound when purchased. According to industry estimates, the Zeebo is anticipated to launch in Mexico in late 2009, and in India and other South American countries in 2010. Future launches in China and Russia are also anticipated.
- The Company continues to evaluate new opportunities with the award winning Ripp3D engine in both mobile gaming devices and phones and for its newly released QVoice technology.

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, effect of the cost containment program, royalty payments from Zeebo game consoles and games, and launches of Zeebo in various countries. Investors are cautioned that 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. Such risks and uncertainties include, but are not limited to, risks associated with loss of relationships with companies that do business with QSound, successful distribution of QSound-enabled products by licensees, continued growth of demand for QSound's technologies in the mobile devices market, QSound's ability to carry out its cost containment, product development, business strategy and marketing plans, 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 Securities and Exchange Commission. 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.

QSound Labs, Inc.

Head Office & Technical Research Facility: #102, 2816 - 11th Street NE Calgary, Alberta, Canada T2E 7S7

Tel: +1-403-291-2492 • Fax: +1-403-250-1521 • Email: info@qsound.com

www.qsound.com

Consolidated

Balance Sheets

As at March 31, 2009 and December 31, 2008 (unaudited)
(Expressed in United States dollars under United States GAAP)

	March 31, 2009	December 31, 2008
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 257,218	\$ 408,332
Accounts receivable (net)	676,804	521,720
Deposits and prepaid expenses	117,868	136,935
	1,051,890	1,066,987
Property and equipment	178,309	192,251
Deferred development costs	235,620	205,457
Intangible assets	2,562,667	2,713,407
	\$ 4,028,486	\$ 4,178,102
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 205,380	\$ 196,393
Current portion of long term debt	29,797	44,000
Deferred revenue	263,025	326,840
	498,202	567,233
Pension benefit liability	116,382	106,129
Note payable	1,494,508	1,573,703
Convertible loan	1,000,000	1,000,000
Debt discount	(751,992)	(795,571)
	2,357,100	2,451,494
Shareholders' equity:		
Share capital	48,261,338	48,250,672
Warrants	2,386,741	2,386,741
Contributed surplus	2,942,758	2,962,983
Deficit	(51,734,484)	(51,688,744)
Accumulated other comprehensive income(loss)	(184,967)	(185,044)
	1,671,386	1,726,608
	\$ 4,028,486	\$ 4,178,102

QSound Labs, Inc.

Head Office & Technical Research Facility: #102, 2816 - 11th Street NE Calgary, Alberta, Canada T2E 7S7

Tel: +1-403-291-2492 • Fax: +1-403-250-1521 • Email: info@qsound.com

www.qsound.com

Consolidated

Statements of Operations Deficit

For the three months ended March 31, 2009 and 2008 (unaudited)
(Expressed in United States dollars under United States GAAP)

	2009	2008
REVENUE:		
Royalties and license fees	\$ 652,392	\$ 371,078
Product sales	48,800	52,330
	701,192	423,408
Cost of product sales	15,534	17,025
	685,658	406,383
EXPENSES:		
Marketing	183,601	288,036
Operations	25,794	34,023
Product engineering	122,421	268,343
Administration	129,761	308,403
Foreign exchange loss(gain)	6,043	1,946
Depreciation and amortization	179,976	41,559
	647,596	942,310
PROFIT(LOSS) before other items	38,062	(535,927)
OTHER ITEMS:		
Interest income	385	6,956
Interest	(28,628)	(18,075)
Accretion of debt discount	(43,577)	(19,069)
Gain on sale of capital assets	60	-
	(71,760)	(30,188)
Loss before taxes	(33,698)	(566,115)
Foreign withholding tax	(12,042)	(5,989)
NET LOSS FOR PERIOD	(45,740)	(572,104)
DEFICIT BEGINNING OF PERIOD	(51,688,744)	(49,479,722)
DEFICIT END OF PERIOD	\$ (51,734,484)	\$ (50,051,826)
INCOME PER COMMON SHARE	\$ (0.00)	\$ (0.06)

QSound Labs, Inc.

Head Office & Technical Research Facility: #102, 2816 - 11th Street NE Calgary, Alberta, Canada T2E 7S7
Tel: +1-403-291-2492 • Fax: +1-403-250-1521 • Email: info@qsound.com

www.qsound.com

Consolidated

Statements of Cash Flows

For the three months ended March 31, 2009 and 2008 (unaudited)
(Expressed in United States dollars under United States GAAP)

	2009	2008
Cash provided by (used in)		
OPERATIONS:		
Income for the period	\$ (45,740)	\$ (572,104)
Prior period adjustments		
Items not requiring (providing) cash:		
Depreciation and amortization	179,976	41,559
Employee future benefits	-	(17,528)
Accretion of debt discount	43,577	19,069
Imputed interest on loan	20,616	-
Stock based compensation	(20,225)	27,012
Gain on sale of capital assets	(60)	-
Other	-	(347)
Changes in working capital balances	(180,513)	228,556
	(2,369)	(273,783)
FINANCING:		
Issuance of common shares, net	10,666	-
Note payable	(114,013)	-
	(103,347)	-
INVESTMENTS:		
Note receivable	-	3,000
Purchase of property and equipment	-	(8,785)
Purchase of deferred development costs	(45,000)	-
Purchase of intangible assets	(478)	(3,948)
Proceeds form sale of capital assets	80	-
	(45,398)	(9,733)
Increase (decrease) in cash	(151,114)	(283,516)
Cash and cash equivalents beginning of period	408,332	1,232,255
Cash and cash equivalents end of period	\$ 257,218	\$ 948,739

QSound Labs, Inc.

Head Office & Technical Research Facility: #102, 2816 - 11th Street NE Calgary, Alberta, Canada T2E 7S7

Tel: +1-403-291-2492 • Fax: +1-403-250-1521 • Email: info@qsound.com

www.qsound.com