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SPECULATIVE BUY

ICS : TSX : C$0.55

TARGET PRICE: C$1.75

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Technology -- Software and Services

Intrinsyc Software International Inc.

Poised for growth

A business in transition

In Intrinsyc Software, we see a mature, services-oriented company that has the potential to transform itself into a high-growth software vendor in the attractive mobile operating system (OS) market. The company has released a high-level OS, Soleus, for the mid-tier mobile handset market that management estimates has an immediate addressable market of about 200 million units per year. Assuming an average sales price of US$4.00 yields an annual market opportunity of US$800 million and growing. Our confidence that Intrinsyc is able to secure a material slice of this market is primarily based on the quality and reputation of the company's management team. CEO, Glenda Dorchak, and Sales and Business Development VP, Mark Johnston, joined Intrinsyc in 2006 after having held senior positions at Intel. The company's CTO, Randy Kath, was a key element in building the first Windows CE embedded platform for Microsoft. The experience and relationships held by Intrinsyc's senior executives position the company well in the mobile OS market, in our opinion.

Initiating coverage with a SPECULATIVE BUY recommendation

Overall, we believe that Intrinsyc offers good stability with its engineering business and solid upside with the Soleus platform. Given the size of the market opportunity, the overall industry dynamics, and a seasoned management with a solid go-to-market strategy, we initiate coverage of Intrinsyc Software with a SPECULATIVE BUY recommendation and a C$1.75 target price, based on our DCF analysis.

Canaccord Adams is the global capital markets group of Canaccord Capital Inc. (CCI : TSX|AIM)

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Company Statistics

52-week Range:	$0.34-0.89
Avg. Daily Vol. (000):	142.0
Market Capitalization (M):	$64.0
Shares Out. (M) basic:	116.4
Shares Out. (M) fd:	116.4

Price Chart

Note: This report is priced as of May 22, 2007.

Earnings Summary

FYE Aug	2005A	2006A	2007E	2008E	2009E
Revenue ($M):	17.5	18.7	20.6	29.7	69.1
EV/Sales:	2.2x	2.1x	1.9x	1.3x	0.6x
EPS:	($0.11)	($0.24)	($0.18)	($0.10)	$0.09
P/E:	NM	NM	NM	NM	5.9x

Company Description

Intrinsyc Software is a mobility software and services company, based in Vancouver, BC. The company's technologies and services enable companies to identify and create solutions to make mobile devices connect and work. Intrinsyc creates and licenses mobile and embedded software products to OEMs, as well as a suite of server-based interoperability solutions. Additionally, the company provides engineering services to support these products.

EXECUTIVE SUMMARY

In Intrinsyc Software, we see a mature, services-oriented company that has the potential to transform itself into a high-growth software vendor in the attractive mobile operating system (OS) market. Since F2004, the company has been focused on developing a high-level OS for the mid-tier mobile handset market based on a stripped-down version of Windows CE (WinCE). The company announced the production-ready version of its Soleus product in December 2006.

Over the past decade, Intrinsyc has successfully grown its Engineering Services Group (ESG), which has enabled the firm to build a strong reputation with multinational customers and partners. We believe this aspect bodes well for the company's software division. With Soleus, Intrinsyc offers the only Windows-based OS for the mid-tier mobile handset market. The platform's strengths reside in its telephony stack, application suite, and UI framework. Management estimates that Soleus's addressable market is about 200 million units per year. Assuming an average sales price of US$4.00 yields an annual market opportunity of US$800 million. Our confidence that Intrinsyc is able to secure a material slice of this market is primarily based on the quality and reputation of the company's management team. CEO, Glenda Dorchak, and Sales and Business Development VP, Mark Johnston, joined Intrinsyc in 2006 after having held senior positions at Intel. The company's CTO, Randy Kath, was a key element in building the first Windows CE embedded platform for Microsoft. The experience and relationships held by Intrinsyc's senior executives position the company well in the mobile OS market, in our opinion.

Overall, we believe that Intrinsyc offers good stability with its engineering business and solid upside with the Soleus platform. Given the size of the market opportunity, seasoned management team and solid go-to-market strategy, we initiate coverage of Intrinsyc Software with a SPECULATIVE BUY recommendation and a C$1.75 target price, based on our DCF analysis. We recommend Intrinsyc to risk-tolerant investors.

COMPANY OVERVIEW

Intrinsyc Software, based in Vancouver, BC, was founded in 1996 as an engineering services company focused on embedded systems. The company has gained a strong reputation over the years for its engineering capabilities in wireless, from systems integration to the company's familiarity with a broad range of mobile OS's and for its expertise in telephony and power management. In F2004, Intrinsyc began to shift its attention to building a more scalable and profitable software-based business model, leveraging its ESG strengths. Based on this strategy, Intrinsyc initiated efforts to develop an OS for the mid-tier mobile handset market, otherwise known as feature phones. Financial resources and R&D focus were redirected towards the development of an OS platform based on WinCE with an initial target market of ODMs and OEMs. In July 2006, Glenda Dorchak, the former Intel Communications Group COO, was appointed Chairman and CEO of Intrinsyc Software to lead the firm into this prospective growth cycle. The OS, based on a "stripped-down" version of WinCE, was completed in due course, and the company released a production-ready version of Soleus V1.0 in December 2006.

The company has two primary business units, the ESG, representing 90% of total revenue, and the Mobile Products Group (MPG). MPG is the growth engine for the firm going forward through the Soleus product offering. In addition, the company has a third business unit, the Enterprise Interoperability Solution (EIS), which is a legacy business, accounting for less than 10% of TTM total revenue. The company currently employs about 230 people located in six offices across four countries including Vancouver (Canada), Cupertino and Bellevue (US), Birmingham (England), and Taipei (Taiwan). Approximately 80% of the employees are engaged in R&D or engineering activities.

CORPORATE STRATEGY

Intrinsyc's growth strategy is fairly simple: Provide OEMs, ODMs and other mobile handset manufacturers with a low-cost WinCE-based OS that is half the price of the full Windows suite (Windows Mobile), yet enables a host of similar features and multimedia capabilities that customers demand in the feature phone segment. This gives manufacturers and carriers a viable option to enter the feature phone market. It enables carriers to offer their own branded device, and provides an alternative for OEMs and ODMs that use the Linux Mobile OS platform and yet would like to tap the considerable Windows development community or enable interoperability with over 90% of the world's desktops.

From Microsoft's (MSFT : NASDAQ : US$30.69 | BUY) perspective, Soleus enables it to extend the reach of the addressable market for WinCE OS without diluting its brand, re-engineering its OS or attempting to do something which it has never been very good at – offering a light footprint OS. Overall, we see this as a compelling addition to Soleus's value proposition and therefore an effective strategy for Intrinsyc. We highlight Intrinsyc's go-to-market strategy below.

Handheld device manufacturers

Handheld devices range from personal navigation devices (PNDs) and mobile digital TVs to the personal digital assistants (PDAs) from OEMs such as HP, Dell, and Mio. Management believes it can successfully penetrate the WinCE-based handheld manufacturers by offering an alternative that enables them to add wireless connectivity as well as reduce internal OS development expenses by moving to the Soleus platform. More specifically, within the PND segment, Intrinsyc is targeting companies that intend to utilize a WinCE platform to power their navigation-only devices. As these companies design consumer mobility products, which converge navigation with traditional mobile functionality, they will require a more functional OS and the familiarity of WinCE and Microsoft Visual Studio development tools is seen as a strong advantage for the Soleus platform.

Intrinsyc also believes that legacy handheld device manufacturers that have experienced unit volume erosion will attempt to expand their offerings into the growing feature phone and smartphone markets. Companies in this space, such as HP and Dell, will require the appropriate platform to roll out a competitive device. Intrinsyc's management also believes that OEMs in this segment will be easier to penetrate in the short term.

Smartphone manufacturers looking to expand down market

Intrinsyc's second go-to-market strategy includes targeting successful smartphone manufacturers that offer the Windows Mobile platform and are looking to expand downstream/market into the consumer-oriented, feature phone segment. Management contends that manufacturers currently utilizing Windows Mobile OS will be more likely to view the Soleus platform favorably when assessing mobile OS options for a number of reasons. The familiarity of internal R&D teams to the Windows-based OS, reduced time to market, and the expectations of lower overall deployment costs will prompt these OEMs and ODMs to favor Soleus over other platforms, in our view. HTC is a prime example of a highly successful ODM/OEM that offers solely Windows Mobile OS-based mobile handsets.

ODMs supplying wireless carriers

The emergence of wireless carriers offering self-branded handsets provides another opportunity for Intrinsyc. Wireless carriers that want to offer self-branded feature phones will seek the ability to develop additional consumer applications and services, as well as to customize the user interface. One of the main advantages of utilizing Soleus is the WinCE kernel which is a common development platform. Additionally, the user interface (UI) is easily customizable enabling carriers to brand and customize their product lines.

Displace proprietary systems and Linux Mobile

Intrinsyc also plans to target traditional OEMs and ODMs who currently use Linux Mobile OS or proprietary systems as their primary platforms. Companies like Palm or perhaps Samsung or LG may one day see Soleus as a feasible OS alternative for certain consumer-oriented feature phones. The Soleus platform's primary advantage over Linux Mobile OS includes the ability to open up devices to the Microsoft ecosystem and development community. Additionally, management believes that the Soleus platform requires lower development investment by manufacturers when deploying onto new handset designs and into different wireless technologies via its proprietary telephone stack.

BUSINESS SEGMENTS

There are two main business units within Intrinsyc: ESG and MPG (formerly called Mobile Software Platform), and EIS is the third unit, which is involved in the development and licensing of enterprise interoperability software. Going forward, Intrinsyc's focus and growth strategy revolves around the Soleus software platform, which is a part of MPG.

ESG

- 90% of TTM revenue

ESG is Intrinsyc's largest business unit, currently generating more than 90% of total revenue. This unit comprises of approximately 100 engineers based in Vancouver and Birmingham. The primary activities of this unit are related to engineering service engagements for mobile and embedded systems integration and are generally driven by individual, short-term projects.

Since the company's inception, the services offered by ESG have increased substantially, expanding from providing general embedded device engineering services to providing enterprise-level smartphone development and engineering capabilities. Currently, Intrinsyc offers services in the areas of wireless and handheld product development, silicon vendor platform development, software provider product development and carrier product customization and enablement. The projects are highly skewed towards integration work related to Microsoft Windows Mobile and WinCE; however, a significant portion is also derived from Symbian OS-related projects.

A number of the key service capabilities include:

- Design, testing and certification services for manufacturers developing mobile devices using the Windows Mobile, WinCE, Linux or Symbian mobile platforms.
- Power management for battery operated devices.
- Telephony integration services for 2G and 3G radio interface layers.
- Incident activities related to development and certification of BSP, used by silicon vendors and OEMs to load software solutions on chipset or processors, and providing technical support to OEMs. Packaged solutions are also offered, which include Windows Mobile BSP kits, WinCE BSP kits and power management kits.

The company's engineering services have been highly successful as illustrated by its top tier client base:

- OEMs, including Motorola, Nokia and Palm;
- silicon vendors, including Texas Instruments, Freescale Semiconductors and Marvell Technology;
- mobile OS providers, including Symbian and Microsoft; and
- service providers, including BT and Sprint Nextel.

This top tier customer list and very low churn rate has helped the firm cement its reputation within the wireless industry. However, the challenges of building a scalable and profitable growth business around this services-oriented division have prompted management to reshape its business plan and focus on Soleus and MPG.

MPG

- No significant TTM revenue

This business unit is engaged in the development of OS's for wireless and handset devices, termed High-Level Operating Systems (HLOS). The MPG business unit is based in Bellevue, Washington, due to its proximity to Microsoft's Seattle offices. The development of Soleus has been the main focus of Intrinsyc since F2004, following the company's decision to develop its own software solution based on ESG capabilities. Since September 2004, Intrinsyc has invested approximately C$20 million into R&D to develop an HLOS for the mid-tier mobile handset market, otherwise known as feature phones. The development of the HLOS, based on the WinCE kernel, is complete and management announced the production release of Soleus v1.0 on December 21, 2006.

According to management, one of the primary benefits of the Soleus's architecture is its modular framework providing a turnkey development platform that enables manufacturers and other customers to more easily configure the handset software and develop additional applications.

The Soleus platform

There are three main elements of the Soleus platform that we would like to highlight. These include:

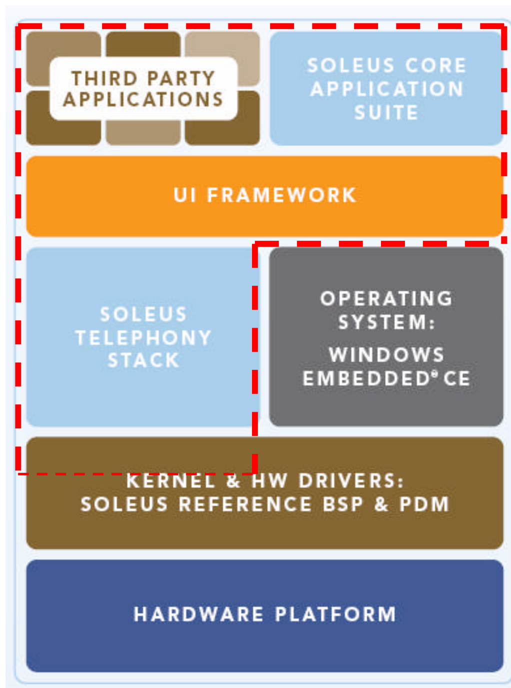
1. UI framework and tools. These provide a set of mobile device controls for application level development and, similar to other UIs, separates application and communication logics from the UI layer. Soleus integrates design templates that can

be utilized by developers to configure different applications, as per individual needs. In addition, it allows developers to utilize the conventional click, drag-and-drop approach for higher level of customization. One of the key advantages of providing this functionality is the ability for OEMs to create brand awareness.

2. **Telephony stack.** This part of the software offering enables handsets to connect to cellular/wireless networks. Soleus provides a pre-certified telephony stack, which management is promoting as a significant advantage over the competition.

3. **Application software.** The Soleus platform contains the core application suite including dialer, media player, phone settings, SMS, camera, user profiles and connection management. The modular approach and UI toolkit enables customers to customize the applications.

Figure 1: Soleus Platform



Source: Intrinsyc

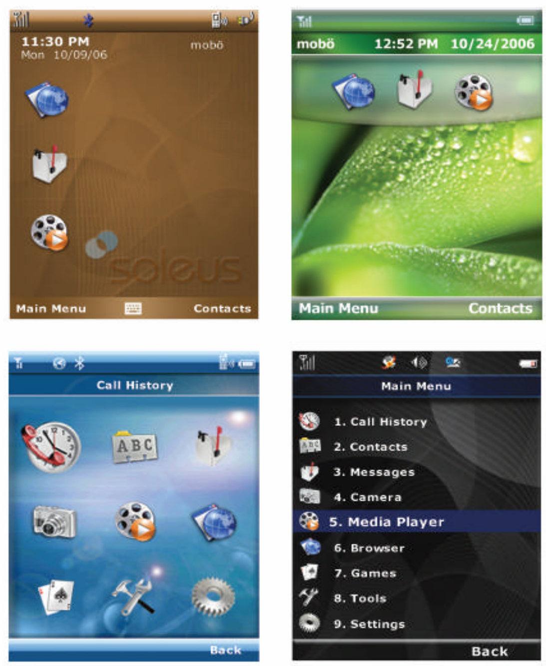
We have identified four main benefits of Soleus which, on a combined basis, form the selling proposition to potential customers:

1. **Proven core platform (Microsoft's WinCE)**. Soleus is built on the WinCE core, and integrates Intrinsyc's engineering service expertise in the area of integrating telephony and data applications. Microsoft's WinCE has an extensive developer ecosystem network, and is optimized for devices that have minimal storage and processing power. WinCE is a component-based, embedded, real-time operating system. A distinctive feature of WinCE, compared to other Microsoft operating systems, is that large parts of its source code are available to third parties. The source code is offered to vendors, such as Intrinsyc, which enables vendors to modify or utilize individual modules of the OS. This reduces development time and enables vendor-specific customization. The development of the unified kernel is the

responsibility of Microsoft, which we believe is a very significant advantage compared to the likes of the Mobile Linux kernel. In addition, the integration tools provided by Microsoft (Platform Builder and Visual Studio), enable developers such as Intrinsyc to benefit from Microsoft's extensive R&D platform. This enables Intrinsyc to leverage a proven core platform, tested for scalability and complemented by Microsoft's 10-year product support lifecycle. The retail license price for Microsoft's WinCE kernel is US$3.00 per unit, with volume discounts available.

2. **Higher degree of on-time customization for operators.** Soleus enables operators to customize their UI to create a differentiated user experience for subscribers. Operators can customize the applications and services available on a handheld device and the device UI.

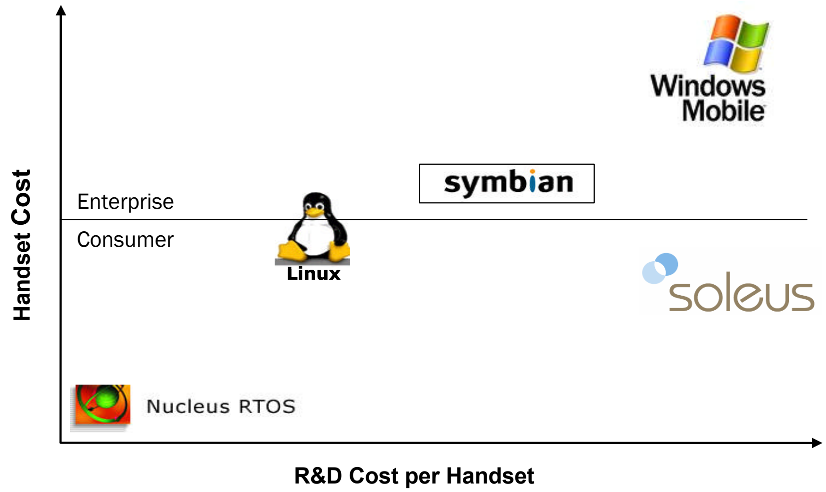
Figure 2: Examples of Customization Based on Soleus UI Framework



Source: Intrinsyc

3. **Low bill-of-material (BOM) and R&D cost for OEMs.** Soleus's modular architecture, UI tools, and a suite of pre-integrated applications enable OEMs to engage in a more effective go-to-market strategy with a reduced development time. Specifically, there are two aspects which reduce the overall cost to the OEMs. Firstly, the lower software footprint reduces the hardware cost per handset. Secondly, from a cost per license perspective, the Soleus offering provides a viable HLOS alternative to OEMs compared to other competing products. This translates into lower BOM, while providing the benefits of a HLOS. Including the added benefit provided by the engineering services capability, we believe that Soleus may have a very strong competitive advantage. The Soleus license is offered at US$4.00-5.00 per device, but this rate may be negotiable based on volume/transaction size. We believe that a full Soleus-based BOM may cost handset makers somewhere around US$8.00-10.00 per unit. This compares to about US$15.00-20.00 for a full Windows or Symbian-based system.

Figure 3: OS Platform Positioning by Target Market



Source: Intrinsyc

4. **ESG expertise provides a competitive advantage.** One of the key differentiating factors, in terms of competitive positioning, is the availability of expertise within ESG. The PND segment is the one of the primary target markets for Soleus, and the ESG group can provide the services required to integrate the hardware and software platforms. As such, Soleus clients will have access to Intrinsyc's entire engineering expertise. This would make the combined offering of ESG and MPG more attractive, in our view.

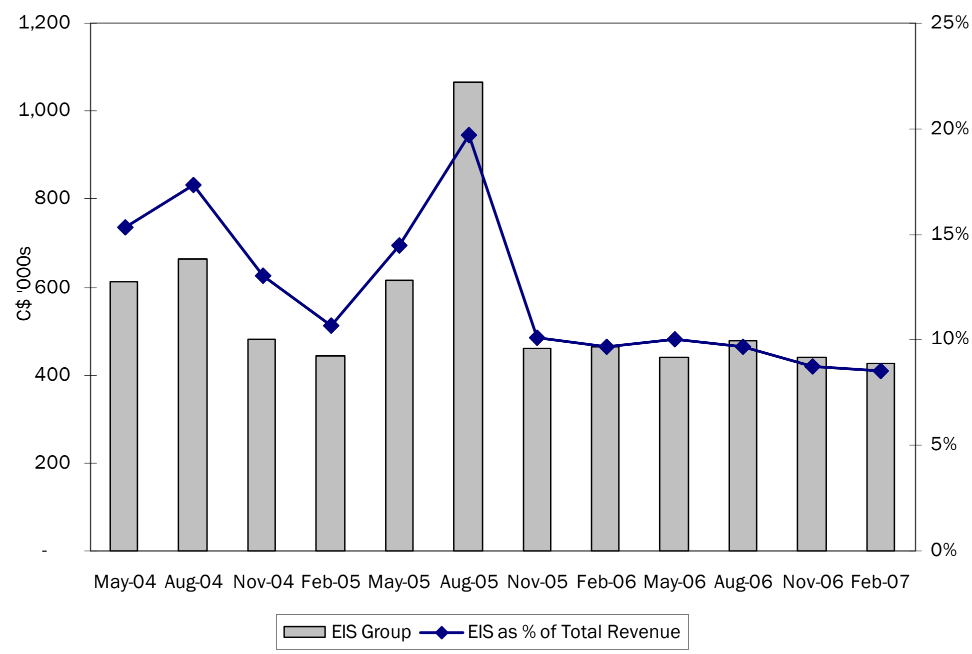
EIS

- 10% of TTM revenue

Legacy business. The EIS unit, based in Vancouver, was established in F2005 to develop networking software to bridge Java and Windows-based systems. J-Integra, a legacy product, is the networking software suite, and the product offerings were further expanded to offer a new J-Integra Espresso product, which provides an interoperability bridge between Java, COBRA, and Microsoft .NET. This solution was developed to meet the identified need of enterprise customers to integrate the Java and Microsoft platforms. The solution served as a complementary product to Web services when customers could not web-enable their services due to issues related to scalability, data disparity, etc.

Currently, this business unit generates approximately 9-10% of total revenue. However, we expect EIS revenue contribution to erode rapidly given the change in management focus and lack of product traction. As such, our projections for this business unit include minimal top-line contribution over the coming 2-3 years and we expect management to phase out the support for EIS.

Figure 4: EIS Revenue and Percentage of Total Revenue for Last 10 Quarters



Source: Company reports

INDUSTRY OVERVIEW

Our industry discussion will focus on the mobile handset industry. We first turn to the company's primary market of mobile phones, as Intrinsyc targets the feature phone segment, then we will turn our attention to peripheral markets such as PNDs, PDAs, and other non-wireless handsets.

The mobile phone industry can be categorized into three segments: (i) basic or entry-level phones; (ii) mid-market or feature phones; and (iii) high-end or smartphones. The smartphone segment is currently receiving much of the attention as it is experiencing the most robust growth rates. This segment is becoming more competitive on two fronts. Firstly, higher-end devices with more features and applications are pushing up the ASP. We list Apple's iPhone as one example. Secondly, in the lower tiers of the smartphone market, we are seeing price erosion, particularly on older models. Motorola's RAZR is one example here. The primary competitors within the smartphone OS segment include Symbian, Windows Mobile, Access, Research In Motion (RIMM : NASDAQ : US$159.06 | BUY) through the BlackBerry OS, and Mobile Linux.

Intrinsyc's Soleus platform is targeted at the mid-market, which is larger than the smartphone segment, but growing at a slower pace. From an OS standpoint, this market has been dominated by a scaled down Symbian OS and variations of Mobile Linux OS. Microsoft has not targeted this market due to the processing power and storage requirements for Windows Mobile. The company does, however, make its WinCE kernel available to developers for the mid-tier. This platform requires a significant amount of development work on the user side in order to ensure compatibility with the device and wireless network in question.

Entry level devices are very limited in functionality and generally retail for as low as $30/handset. The device normally has voice functionality with very limited multimedia capabilities. These devices do not require HLOS, but instead very basic OS's offer the required capabilities.

Looking outside of mobile phones, there are numerous handheld devices, such as PDAs or feature-specific mobile devices, such as PNDs and mobile TV handhelds, which are in their infancy. In these markets, custom development of WinCE, Mobile Linux and proprietary OS's are prevalent.

MARKET OPPORTUNITY

Mobile phones

The majority of Intrinsyc's target customers are mobile phone OEM and ODMs. In our opinion, the size of the market here is large and growing, specifically due to the large number of devices shipped per year, the low two-year average life of the devices, and the continued need for manufacturers to come out with new and improved designs. Design wins will be the key growth driver for Intrinsyc going forward.

IDC predicts that worldwide mobile phone shipments will grow annually at 6.9% between 2006 and 2011 and reach 1.4 billion units shipped by 2011. Intrinsyc's software is intended to power phones that deliver multimedia applications. As such, we will focus on higher-speed technologies – mainly 2.5G and 3G. These are forecast to grow at a combined 9.1% over the same period.

Figure 5: Worldwide Mobile Phone Shipments by Air Interface, 2006-2011E (000)

	2006E	2007E	2008E	2009E	2010E	2011E	2006-2011E CAGR (%)
2G	166,525	148,236	136,008	122,434	112,646	107,130	-8.4%
2.5G	713,689	748,619	762,971	764,139	775,578	778,146	1.7%
3G	142,362	222,405	315,613	402,509	475,798	544,890	30.8%
Total	1,022,576	1,119,260	1,214,592	1,289,082	1,364,022	1,430,166	6.9%

Source: IDC, May 2007

Intrinsyc targets the mid-range phone market, categorized as the feature phone market, and leaves the high-end market to Microsoft, Symbian, Research In Motion and others, to name a few. This segment is otherwise known as the converged mobile device market. In April 2007, an IDC report suggested that converged mobile device shipments will grow from an estimated 80 million in 2006 to approximately 300 million by 2011. Excluding the converged mobile device segment from the 2.5G and 3G shipment estimates provided by IDC, we calculate that the total low-end and mid-market opportunity will grow from approximately 775 million in 2006 to about 1.02 billion shipments by 2011, representing a 5.6% CAGR. While IDC has not provided predictions for the low end of the market, it did note that it expects that market segment to grow due to continued mobile device uptake in emerging countries. Over time, we believe that emerging markets will move toward feature phone functionality from more basic level devices.

In order to further illustrate the market opportunity for Intrinsyc, we have conducted a sensitivity analysis of the revenue opportunity based on varying levels of market penetration and ASPs. Intrinsyc traditionally charges about US$4.00-5.00 per unit shipped for Soleus, with large volume orders driving down ASPs to perhaps the US$3.00 level. For calendar 2009, we have modelled ASPs in the US$3.00-5.00 range and used market penetration rates ranging from 1.0-3.0%. In our base case scenario, utilizing a US$3.50 ASP and 1.5% market penetration, we estimate Intrinsyc's revenue potential at US$51.6 million from the Soleus product alone. Management indicated that it believes its primary target market to be approximately 200 million units per year, assuming a 5.6% CAGR, as calculated above, this yields an approximate 6% penetration into this target market by 2009, which we believe is reasonable.

Similarly, for 2011, we have modelled ASP erosion with a range of US$2.00-4.00 and market penetration rates from 1-9%. Our base case scenario here utilizes a US$2.50 ASP and a 5% market penetration providing a revenue potential of US$127 million. See Figure 6 for the full scenario analysis results.

Figure 6: Intrinsyc Revenue Potential for 2009E and 2011E

F2009E Revenue Potential (000)		ASP for Intrinsyc				
		$3.00	$3.50	$4.00	$4.50	$5.00
Market Penetration	1.0%	29,511	34,429	39,347	44,266	49,184
	1.5%	44,266	$\boxed{51,643}$	59,021	66,399	73,776
	2.0%	59,021	68,858	78,695	88,532	98,368
	2.5%	73,776	86,072	98,368	110,664	122,961
	3.0%	88,532	103,287	118,042	132,797	147,553

F2011E Revenue Potential (000)		ASP for Intrinsyc				
		$2.00	$2.50	$3.00	$3.50	$4.00
Market Penetration	1%	20,372	25,465	30,559	35,652	40,745
	3%	61,117	76,396	91,676	106,955	122,234
	5%	101,862	$\boxed{127,327}$	152,793	178,258	203,724
	7%	142,607	178,258	213,910	249,562	285,213
	9%	183,351	229,189	275,027	320,865	366,703

Source: Canaccord Adams estimates

Handheld devices

In handheld devices, we view the PND segment as a greenfield opportunity for Intrinsyc. At the end of March, Intrinsyc announced that it had received a design win in this space with a leading global manufacturer to license the Soleus software platform for the development of GPS-enabled mobile phones. We believe that traditional PND manufacturers will look at methods of capturing market share in the mobile phone market by rolling out proprietary devices. Intrinsyc has the advantage of being able to offer its own "telephony stack", which will be required by the PND manufacturers in order to connect into cellular networks. Furthermore, PND manufacturers may look to Windows-based mobile OS platforms in order to extend application support within the PND space in addition to the mobile phone segment.

According to Taiwan's Topology Research Institute (TRI), worldwide PND shipments were approximately 10.8 million in 2006 and are expected to reach 17.9 million units this year and 27.1 million in 2008. The compound annual growth rate in the 2006-2010 period is expected to be 49%.

Other areas where Intrinsyc can position itself within the handheld device market include mobile digital TVs and traditional PDAs that are currently experiencing unit shipment erosion. In the latter category, the shipment erosion may entice the traditional vendors such as HP and Dell to attempt to extend their offerings from the traditional handheld device into a more converged mobile device, or simply expand the functionality of their devices to include wireless phone capabilities. In order to capture market share, these vendors will have to be cost conscious and reduce the overall BOM, which could include a less expensive mobile OS platform and one that offers flexibility and opens the door to a large developer community such as Windows. Soleus offers a significant advantage as it is a low-cost BOM and a Windows kernel, enabling desktop interoperability at a low cost. Below we list the top five handheld device manufacturers based on 2006 shipments.

Figure 7: Worldwide Handheld Device Shipments by Top Five Vendors, 2005 and 2006

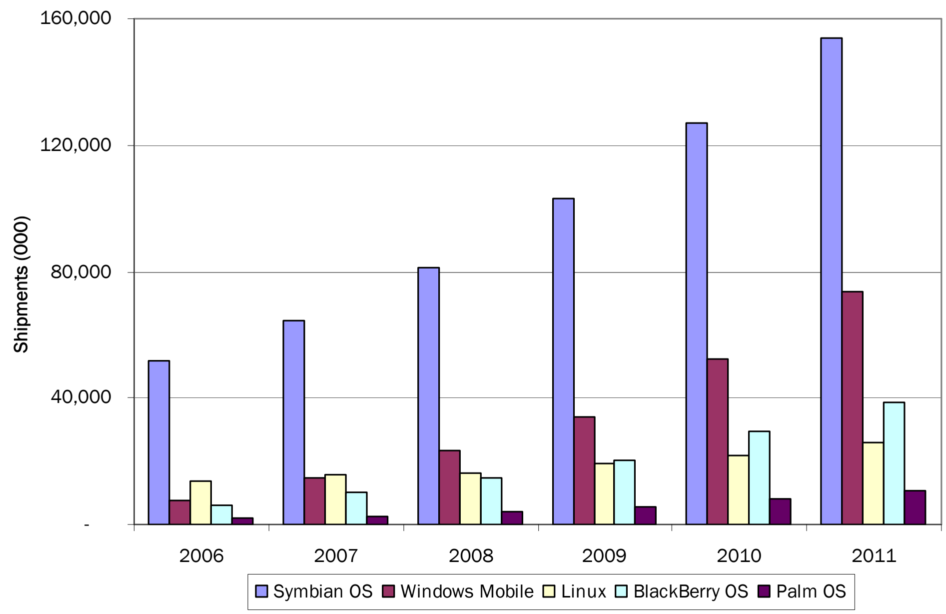
	2005		2006		
	Shipments (000)	Share (%)	Shipments (000)	Share (%)	Y/Y Growth
Palm	2,763	36%	1,982	36%	-28%
HP	1,739	23%	1,210	22%	-30%
Dell	736	10%	490	9%	-33%
Mio	343	4%	443	8%	29%
Sharp	79	1%	303	6%	282%
Other	1,986	26%	1,059	19%	-47%
Total	7,647	100%	5,487	100%	-28%

Source: IDC, April 2007

Operating systems

According to IDC, mobile device OS's are expected to post a 30.3% CAGR until 2011, exceeding 304 million units from the current level of about 81 million. Symbian OS leads the way with an estimated 64% market share, followed distantly by Linux at 17%. IDC expects Windows Mobile to gain considerable market share through its forecast period – from less than 10% today to over 24% by 2011. In the same timeframe, Symbian and Linux are projected to lose share.

Figure 8: Global Mobile Device Shipments by OS, 2006E–2011E



Source: IDC

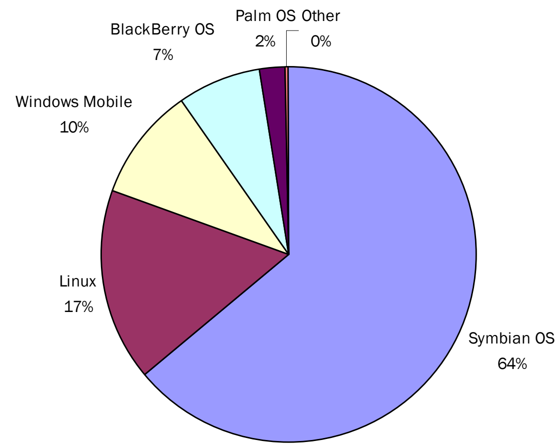
COMPETITIVE LANDSCAPE

MPG – SOLEUS

We have focused our competitive analysis mainly on the dynamics within the handset operating system market. The analysis pertaining to ESG is limited in discussion, as we ultimately see the majority of Intrinsyc's value within Soleus and believe this product line will face the key competitive threats. ESG has earned a solid track record with customers, having grown at double-digit rates for the last two fiscal years (F2005 and F2006). As such, we are not as concerned by competitive inroads on the ESG side.

To our knowledge, there are currently no direct competitors to the Soleus platform, in terms of Windows CE-based mobile OS offerings. There are, however, other HLOS vendors, where the underlying core platform is either the Linux Mobile OS or Symbian OS. Note that Research In Motion currently does not license out its mobile OS to other mobile device manufacturers. Additionally, we believe that Microsoft's Windows Mobile is targeted at smartphone and high-end converged devices. As such, we see Soleus as more complementary than competitive to Microsoft's ambitions in the mobile OS world. We note that Microsoft has supported Intrinsyc's efforts and recently named Intrinsyc as Microsoft's Systems Integrator of the Year.

Figure 9: Global Market Share for Converged Mobile Device OS's (2006)



Source: IDC

Symbian is the most widely utilized of all five major OSs at approximately 64% of global market share in 2006, according to IDC. Symbian OS is owned by Symbian Software Ltd., which is a joint venture between Ericsson, Nokia, Panasonic, Siemens and Sony Ericsson. Symbian OS is licensed to several handset OEMs, including: Nokia, Fujitsu, LG Electronics, Motorola, Samsung, Sharp, Sony Ericsson, Panasonic and Mitsubishi Electric. Symbian OS is currently utilized in high-end phones, as royalty costs and required processing power are relatively high. This increases the BOM cost for OEMs, which can limit the addressable market for the OS. Although it is realistic to expect that Symbian can scale down the OS to a smaller footprint, thereby reducing the BOM, the time and investment required to do so plus the timing to go to market and generate design wins could take a number of years. In the event that Symbian chooses this path, we believe Intrinsyc will have a number of advantages, aside from a lower per unit cost. In our opinion, Intrinsyc's platform will require lower engineering services for integration purposes, as well as provide continued support by Microsoft for its WinCE kernel and the ability to leverage the Microsoft developer community.

Mobile Linux is a distant second with 17% market share. Utilizing a Linux-based OS platform has certain comparative advantages, including lower costs associated with an open platform, the wide availability of the source code and the ability to modify, as needed, a strong developer ecosystem, and an ability to integrate applications in a modular fashion. Conversely, there are also a number of disadvantages associated with utilizing this OS platform. One is the inability to dictate direction of the kernel development or the lack of a roadmap by the open source community for future modifications, additions and other revisions to the standards. This creates a requirement for an internal team to add modifications and continually test internal revisions of the OS. One way to mitigate this risk is for manufacturers to outsource to a Mobile Linux vendor, such as MontaVista's Mobilinux HLOS.

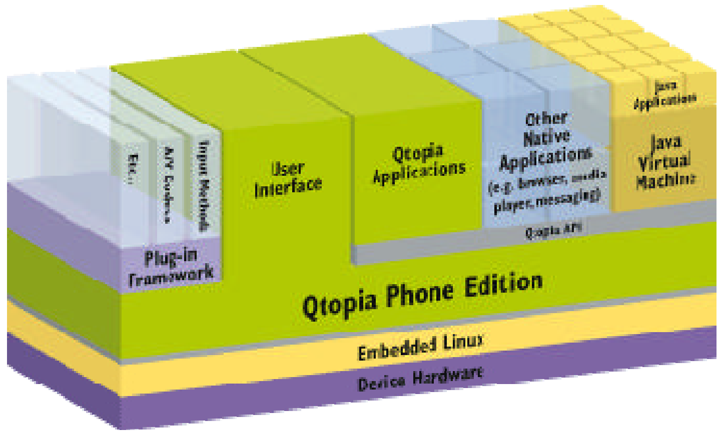
Access Co. Ltd. We see Access as being one of Intrinsyc's closest direct competitors. Access provides mobile content delivery and Internet access technologies. In November 2005, Access acquired PalmSource in a deal worth over US$300 million in cash. Access had intended to combine the Palm OS with its own Linux-based NetFront browser. PalmSource had already begun moving in Linux's direction with the acquisition of China MobileSoft, a Linux-based mobile OS provider, earlier in 2005. Its product portfolio is comprised of (i) NetFront Browser – an Internet browser designed to deliver performance in resource-constrained environments; (ii) NetFront software development kit - provides manufacturers with porting of low-level drivers to target hardware, customization of user interfaces, integration of plug-in modules, and development of browser-based applications; (iii) Compact NetFront Plus – a micro browser designed for mobile wireless services; and (iv) NetFront Mobile Client Suite – offers mobile device manufacturers and mobile operators an integrated solution that includes a browser, MMS Client, PIM, SyncML, and Java. Access also offers a Java platform for information appliances, as well as OS and protocol stack. Access has developed the Access Linux Platform that comprises an open-source Linux kernel, as well as the middleware and applications required for a smartphone. Access was founded in 1979, and is based in Tokyo.

MontaVista (private) is another close direct competitor, in our view. MontaVista is a private company, based in Santa Clara, California, and is funded by a number of venture capital funds as well as customers such as IBM, NTT DoCoMo, Intel Capital, and Panasonic. MontaVista is a provider of Linux solutions. In addition to an extensive array of engineering services pertaining to Linux kernel development, the company's main product is an embedded Linux-based software platform, "Mobilinux", which is similar to Soleus in terms of functionality and target market. Mobilinux includes real-time and power management features, and provides an open framework for third-party software components.

MontaVista made a couple of important announcements recently. In April, the company announced the acquisition of two UK-based companies to expand the geographic reach of its Linux platform based solutions. In addition, MontaVista announced the development of new smartphones set to be released in Italy. The two new smartphones, the iGO730 and the LinAP, have been designed by Italian manufacturer, Enteos, which supplies handsets to OEMs and to network operators.

Trolltech is a NOK200 million company, publicly traded on the Oslo Stock Exchange and headquartered in Oslo. The company's main products include Qt, a cross platform application development tool, and Qtopia, an application platform for Linux-based mobile devices. Qtopia is the key competing product for Intrinsyc's Soleus – the software offers pre-integrated applications for feature phones. Qtopia is based on a C++ application framework, which the company claims is optimized for power-constrained mobile devices.

Figure 10: Trolltech Qtopia



Source: Trolltech

ESG

ESG has developed expertise in packaged telephony integration services for radio interface layers on Windows Mobile and Windows Embedded CE platforms and customized modification of the Symbian OS platform. Hence, this group functions primarily as a systems integrator. We see a few direct competitors in this segment, namely, BSQUARE Corp. (NASDAQ: BSQR : US$5.23 | Not Rated), Taproot Systems (private), and Teleca AB.

BSQUARE provides software and engineering services to developers of Windows-based embedded devices in the US, Taiwan, and Japan. The company was founded in 1994, and maintains offices in Bellevue, Washington, San Diego, Akron, Taiwan, and Vancouver. The company has 200 employees. This is one of ESG's main, direct competitors. We believe that a substantial portion of revenues is derived from the distribution (VAR) of Windows.

The company's engineering services group collaborates with OEM customers to develop applications, engineer platform software, and design hardware and software to run a variety of products including Pocket PCs, set-top boxes, industrial automation devices and Windows-based terminals. Customers include Dell, HP, Hitachi, HTC, IBM, JVC, MITAC, Motorola, Palm, and Samsung. BSQUARE is also a Microsoft Gold Level Partner.

BSQUARE offers the following products and services, among others:

- SDIO drivers (Secure Digital Input Output Hx) which allow small form-factor peripheral and memory cards to be used with smart devices;
- portable media player software solutions; and
- DevKitIDP, a development platform to speed hardware design and software development.

BSQUARE's engineering services include device solution strategy consulting, software and hardware design and development, systems integration, application and multimedia software development, and quality assurance and testing.

BSQUARE has not announced any plans to extend its capability towards the development of a WinCE-based HLOS. We believe that, given the similar technical engineering service capabilities, this possibility should not be ruled out, but we contend that Intrinsyc has a 2-3 year lead with a proven product. This may be difficult to replicate for BSQUARE in a timely and competitive fashion.

Figure 11: BSQUARE Financial Details

(US$M, FYE: December)	2004A	2005A	2006A
Total Revenue	38.92	42.92	49.82
Y/Y Growth	*3.67%*	*10.29%*	*16.06%*
Gross Profit	9.05	9.88	12.18
Margin %	*23.25%*	*23.03%*	*24.44%*
EBITDA	(0.40)	(0.78)	0.37
Margin %	*(1.02%)*	*(1.81%)*	*0.74%*
EBIT	(0.98)	(1.15)	(0.16)
Margin %	*(2.52%)*	*(2.69%)*	*(0.33%)*
Earnings from Cont. Ops.	(0.80)	(1.30)	(0.47)
Margin %	*(2.04%)*	*(3.02%)*	*(0.94%)*
Net Income	(7.05)	(1.30)	(0.47)
Margin %	*(18.12%)*	*(3.02%)*	*(0.94%)*
Diluted EPS	(0.08)	(0.14)	(0.05)
Y/Y Growth	*NM*	*NM*	*NM*

Source: Company reports, Capital IQ

TapRoot Systems provides embedded software components and services for smartphone manufacturers and wireless operators, but primarily competes with Intrinsyc in the engineering services space. The company specializes in dual-mode (telephony and WLAN) solutions for the industry's major mobile OS's; Microsoft Windows Mobile, Linux Mobile and Symbian OS. The company develops software products that support communications protocols for smartphone OS's. Its product and service portfolio includes interoperability testing that assists handset manufacturers, semiconductor vendors, and wireless operators with accelerating product deployment. TapRoot was founded in 2000 and is based in Morrisville, North Carolina.

Teleca engages in the design, development, and integration of software and electronics, and also provides extensive consulting services. Teleca mainly competes in the engineering services space, and ancillary software application space. It splits its organization into five segments: Products, Mobile Devices (MD), Network Equipment (NE), Enterprises and Operators (EO), and Benima. The Products segment offers software applications for mobile phones, while the MD segment provides design, development, and integration of software and hardware for mobile handsets. The NE offerings include solutions that assist in the design, manufacturing, and integration of telecommunication networks. Its solutions include feasibility and design studies, product and systems development in radio networks, platforms and application systems support, and maintenance. The company operates in Asia, Europe, and North America and is based in Stockholm.

PARTNERSHIPS/TECHNOLOGY ALLIANCES

Intrinsyc has numerous partnerships and industry alliances with companies in the mobile device market. These include Microsoft, Intel, Symbian, and Texas Instruments, among others.

The company has an established relationship with Microsoft, beginning as a WinCE systems integrator and an ISV in 1996. Intrinsyc is now a Windows Mobile SI 'gold partner'. Intrinsyc's MPG is responsible for development of Soleus, which is key offering of the company requiring collaboration with Microsoft and is based on WinCE OS.

In addition, the company is part of the Symbian Platinum program which enables the company to gain access to Symbian OS source code and product support.

Recent partner announcements

- On May 1, 2007, Intrinsyc announced that Microsoft named it Systems Integrator of the Year. The award was presented at the 2007 Mobile and Embedded Developers Conference in Las Vegas.
- On February 12, 2007, Intrinsyc Software announced relationships with Esmertec, provider of Jbed Java Virtual Machine; Avanquest Software, provider of Mobile Sync; and SHAPE Services, provider of IM+ Mobile Instant Messenger software.

RECENT DEVELOPMENTS

- On May 10, 2007, Intrinsyc announced the closure of its public offering of 33,334,000 common shares at an offering price per common share of C$0.60 for gross proceeds of C$20 million. After deduction of underwriting fees, the net amount raised was approximately C$18.7 million. Management expects that net proceeds will be used mainly to fund sales, marketing and R&D related to the mobility software business.
- On March 27, 2007, Intrinsyc announced that it entered into an agreement with a leading global manufacturer of PNDs and handheld devices to license the Soleus software platform for the development of GPS-enabled mobile phones.
- On February 13, 2007, Intrinsyc that it will showcase the Soleus development platform on a reference design using Freescale Semiconductor's i.MX31 multimedia applications processor.
- On February 12, 2007, Intrinsyc announced its porting of Soleus development platform to Marvell's PXA3xx application processors.
- On December 21, 2006, Intrinsyc announced that it completed the production release of Soleus version 1.0.

MANAGEMENT TEAM

In 2006, Intrinsyc made a number of executive changes that strengthened its management team considerably. In July 2006, the company appointed Glenda Dorchak, a seasoned technology veteran with Intel and IBM, as CEO and Chairman of the Board. Following the addition of Ms. Dorchak, the company hired Mark Johnston late in 2006, another Intel veteran, to lead its worldwide sales and business development initiatives. Mark Johnston has a strong background in the APAC region to help steer Intrinsyc in that region.

Glenda Dorchak, CEO and Chairman, joined Intrinsyc in July 2006 as CEO and Chairman after more than five years at Intel where she held various senior positions including VP and COO of the Intel Communications Group and VP and General Manager of the Broadband Products Group. She also held the position of VP and General Manager of the Consumer Electronics Group. Her career also includes senior roles with IBM.

Andrew Morden, CFO, has held this position for a number of years and brings extensive experience in finance and accounting. Prior to Intrinsyc, Mr. Morden was the CFO of Digital Dispatch Systems, and has held senior positions with Intrawest Corp., SAP Canada, and KPMG. Mr. Morden is a Chartered Accountant.

Mark Johnston, VP and GM of Worldwide Sales and Business Development, joined Intrinsyc in November 2006 and brought to the company a strong background in sales and marketing, especially in the wireless space and the APAC region. Mr. Johnston is a 22-year veteran from Intel that most recently held a senior position within Intel's wired and wireless communications businesses. Some of the senior roles held include Director of Worldwide Technical Sales and Support, Director of Global Marketing for the Cellular and Handheld Products Group, and General Manager of Communications Sales and Marketing for Asia Pacific.

Randy Kath, CTO and VP of the Mobile Products Group, brought extensive experience from Microsoft to help Intrinsyc build the Soleus platform. His experience at Microsoft covered software development, program management, product management, sales, marketing, and business management, and he eventually attained Partner status, a prestigious status within Microsoft. Prior to Microsoft, Mr. Kath held software engineering positions at Shepard's McGraw-Hill and at General Dynamics.

SHAREHOLDERS

Prior to the secondary share offering in May 2007, Intrinsyc's shares were widely held by retail investors with a small number of institutional holders. We estimate that the top six institutional investors held less than 10% of the total outstanding shares. We believe that the institutional holding has increased substantially following the recent offering.

FINANCIAL MODEL

Intrinsyc's current business model reflects the company's decision to change its corporate and strategic focus in F2004. The company transitioned from solely relying on engineering services to contribute to its top and bottom lines, to more of a software model through the development of Soleus. As such, the historical business model of the firm will be significantly different than we expect it to look like in 12-24 months. The infancy of the Soleus platform combined with the continued investment in R&D and the significant S&M expenses required the firm to go to the capital markets to raise additional capital. As a result, the company recently raised approximately C$20 million through a secondary stock issue.

We provide a historical financial analysis in order to illustrate the company's historical financial model, but further stress that this model will change over time into one that has a significant amount of leverage as it will mimic more of a software company.

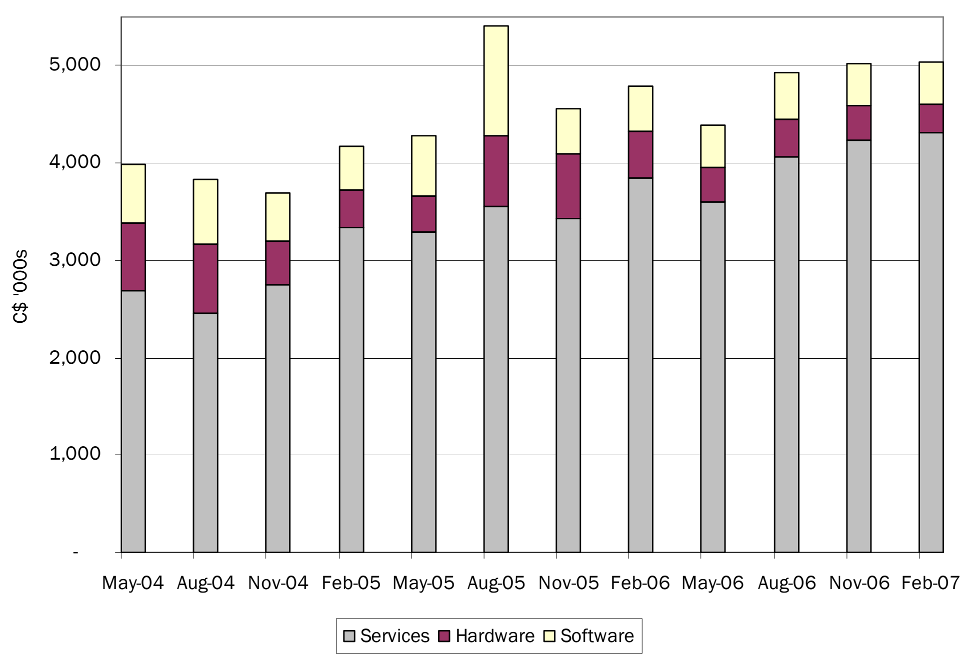
Revenue and margins

Until Q2/F07 (ended February 2007), Intrinsyc reported revenue under two main categories:

1. ESG revenue consisting of Hardware revenue and Services revenue; and
2. EIS revenue, consisting of Software revenue.

Moving forward, the company intends to report revenue for the Soleus product separately by reporting under the MPG division. To date, there have been no significant revenue streams attributed to MPG.

Figure 12: Historical Breakdown of Revenue per Segment (Last 10 Quarters)



Source: Company reports

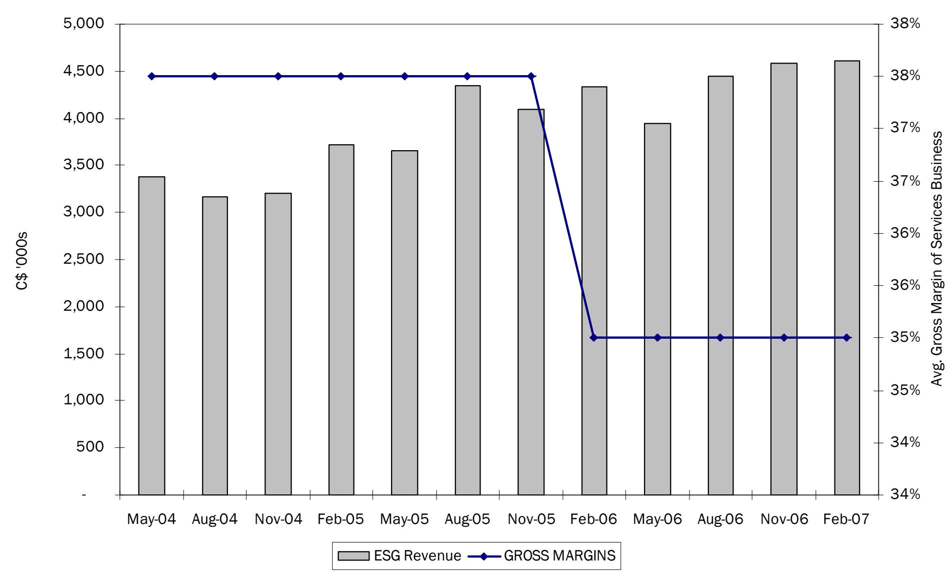
Figure 13: Revenue Segmentation

C$000	Q1 Nov-04	Q2 Feb-05	Q3 May-05	Q4 Aug-05	FY Aug-05	Q1 Nov-05	Q2 Feb-06	Q3 May-06	Q4 Aug-06	FY Aug-06	Q1 Nov-06	Q2 Feb-07
Revenue Mix												
ESG Group												
- Hardware	461	378	368	738	1,945	664	476	357	389	1,887	353	306
- Services	2,744	3,342	3,290	3,548	12,924	3,429	3,853	3,593	4,064	14,938	4,229	4,303
	3,204	3,720	3,659	4,286	14,869	4,093	4,329	3,950	4,453	16,825	4,582	4,609
EIS Group												
- Software	481	445	617	1,127	2,670	460	463	439	470	1,832	439	428
TOTAL	3,686	4,165	4,276	5,413	17,539	4,553	4,792	4,389	4,923	18,658	5,021	5,036

Source: Company reports

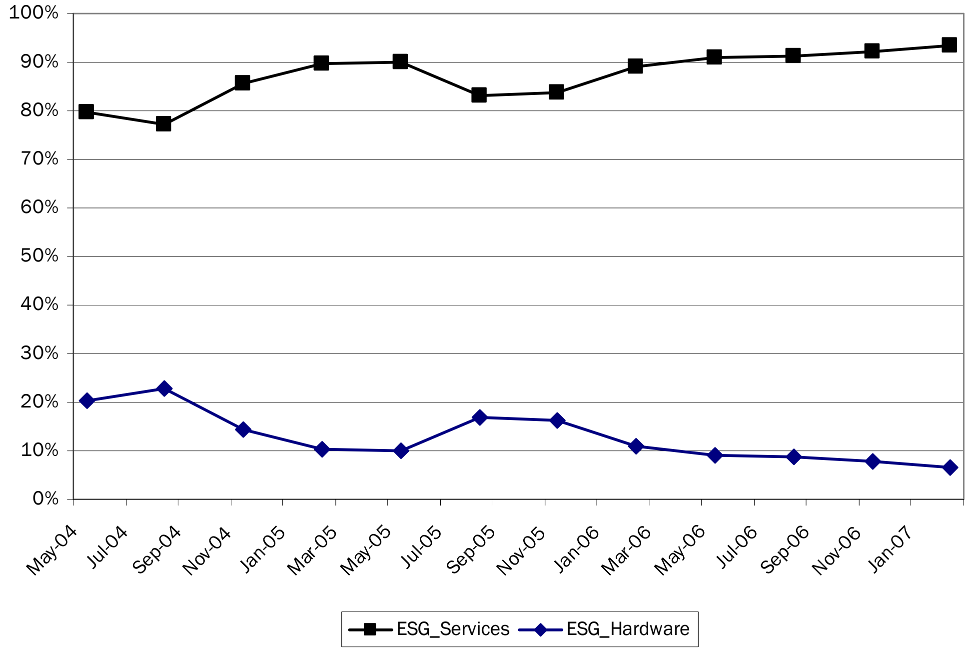
1. ESG revenue is derived from both hardware and services. Including the last quarter ended, February 28, 2007, the majority of the company's revenue (greater than 90%) has been generated by the ESG business unit, and the services portion accounts for roughly 80-85% of total revenue. The services business is driven by design, product testing and certification services for OEMs developing mobile devices using Windows Mobile, WinCE, Linux or Symbian OS. The unit also offers telephony integration services for products running on 2G and 3G networks, power management services for OEMs, and development and certification of Board Support Packages (BSPs). BSP-related work accounts for over half of the ESG revenue. ESG has demonstrated modest growth over the last three fiscal years, along with relatively stable gross margins on an annual basis, ranging from 35.0% to 37.50%. We expect ESG to continue with moderate growth and for gross margins to increase above 40% during the next 2-3 fiscal years, given the changes instituted by management during F2007.

Figure 14: ESG: Revenue and Average Gross Margins of Services Business



Source: Company reports

Figure 15: Hardware and Services Revenue as Percent of Total ESG Revenue for Last 10 Quarters

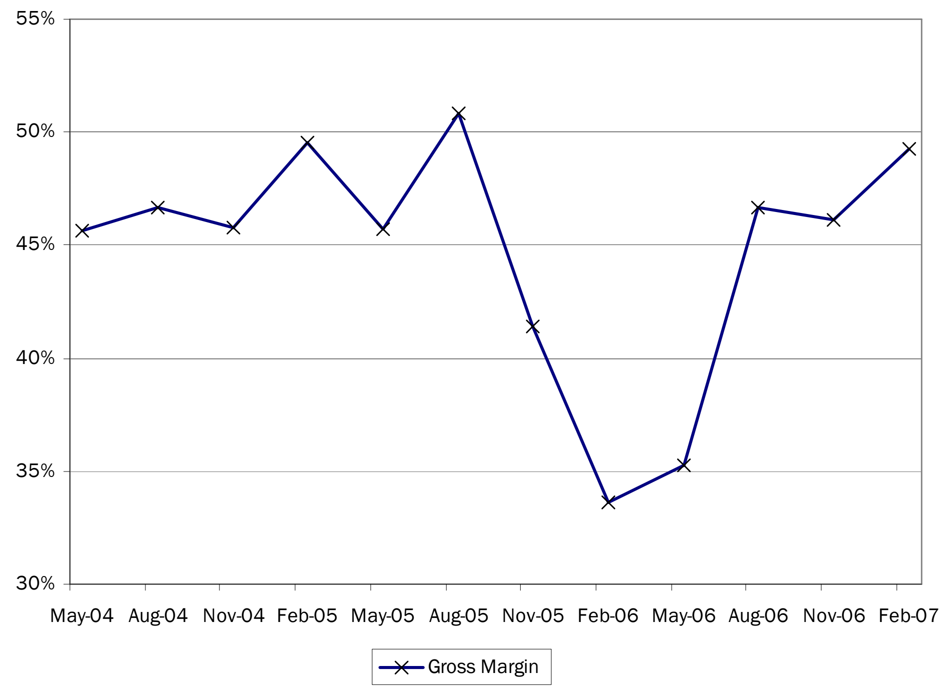


Source: Company reports

2. EIS revenue constitutes less than 10% of TTM total revenue, down from roughly 20% in F2004. We expect this contribution decline to continue as revenue from this product also decreases due to the change in management focus since F2004. Our estimates include a minimal top-line contribution from this segment over the next 2-3 years, based on a double-digit decline forecast (see Figure 4).

On an overall basis, gross margins have declined significantly over the last three fiscal years (F2004-F2006). This decline is due to a shift in revenue mix, with an increase in contribution from the lower-margin ESG business, as well as lower margins at both the ESG and EIS business units. From F2004 to F2006, overall gross margins have declined by 184 bps. The increase in margins in Q1/F07 and Q2/F07 were driven by improved margins in the ESG business. Within this segment, the company has moved away from utilizing a dual-pricing model (fixed-fee pricing model and a time-and-material pricing model) towards utilizing mainly a fixed-fee pricing model for its main customers. The underlying goal is the intention to move towards higher-margin project work, with an emphasis on maintaining a minimum level of profitability. We believe that this will drive margins higher, and will offset some of the potential margin compression from the eroding EIS business.

Figure 16: Overall Gross Margin

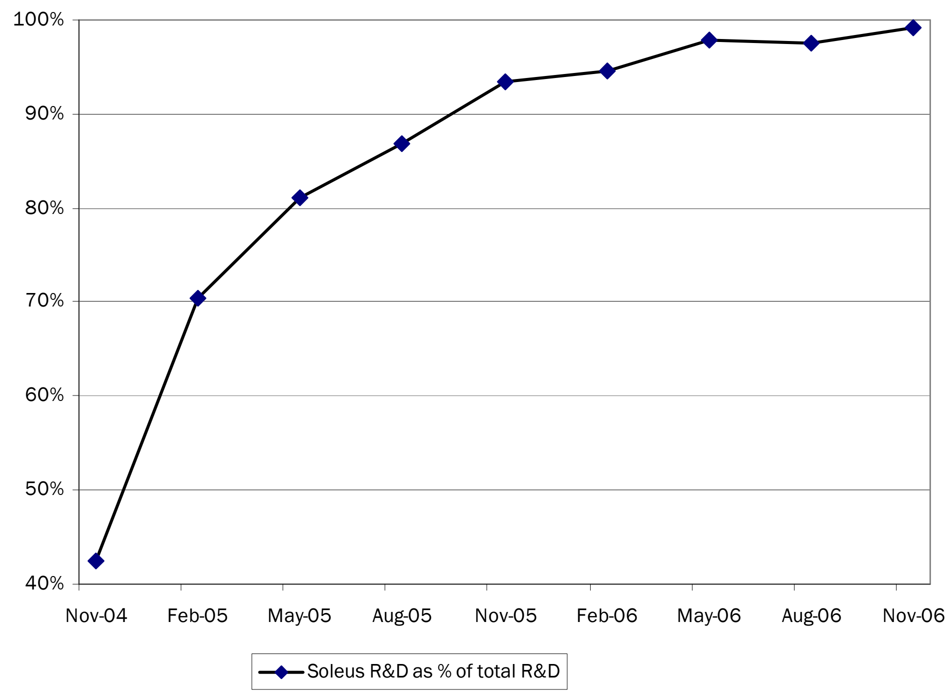


Source: Company reports

Operating expenses

Research and Development (R&D) and Sales and Marketing (S&M) are the two main components of operating expenses, accounting for roughly 75% of the total. Since F2004, the company has spent in excess of US$20 million related to the Soleus product, the majority of which is R&D. This is evident by the increase in R&D expenses as a percentage of revenue and as a percentage of overall R&D expenses during that timeframe.

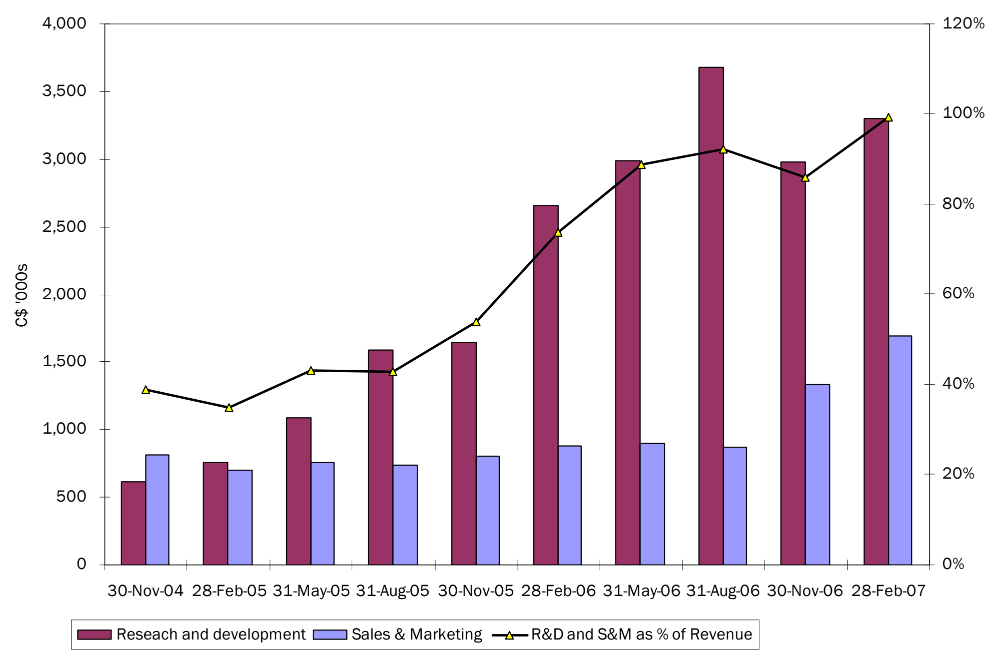
Figure 17: Soleus R&D as Percentage of Total R&D



Source: Company reports

The TTM R&D run-rate has been in the range of C$3.0-3.7 million, as the company invested heavily to bring Soleus to market. TTM R&D expenses totalled almost C$13 million, an increase of more than 85% Y/Y. In addition, S&M expenses have also increased to support the focus on Soleus. Over the last two quarters, S&M expenses have increased substantially to support the Soleus marketing and sales effort. In Q2/F07, S&M expenses totaled C$1.7 million, up 92% Y/Y and 27% sequentially. Going forward, we expect the company to continue to focus on S&M efforts for the Soleus platform and hence believe investment in this category will continue.

Figure 18: R&D and S&M Expenses (Last 10 Quarters)



Source: Company reports

Cash flow and balance sheet

Including the proceeds from the recent equity issue, Intrinsyc has approximately C$24.2 million in cash and equivalents. The company's focus on development of the Soleus software platform has resulted in increased investments in R&D and S&M activities. Therefore, free cash flow generation has been positive for only two of the previous 15 quarters. Growth has been funded by a mixture of equity and debt financing, including the most recent share issuance. We expect the increased level of investment activity to continue, which will result in negative free cash flow for the next 6-7 quarters.

BVPS is C$0.36, inclusive of the recent increase share capital, which includes approximately C$0.22 of cash reserve per share. The company retired C$7.6 million of Series A and Series B debentures in Q1/F07 (ended November 2006). The debenture financing had been provided by Wellington Financial LP.

From the long-term viability perspective, we estimate the current cash reserve position will sustain investment and expenditure needs until the company becomes cash flow positive, which we forecast will occur in the next 6-7 quarters. We expect cash inflow from operations to improve consistently on a sequential basis going forward. However, investment in R&D and S&M activities is expected to increase during the current and next fiscal year (F2007 and F2008, respectively), which will keep cash flow from operations in the negative territory until F2009.

Forward estimates

We expect that the Soleus software platform will contribute significantly to Intrinsyc's growth going forward. As the company attains design wins, it normally takes 9-12 months before the product ships and revenue starts ramping. Hence, we expect the major ramp to revenue to be experienced in F2009. The company will be able to recognize up front licensing revenue from new design wins once new contracts are signed and therefore minimal revenue will be recognized prior to product shipments. We anticipate that revenue will start flowing from handset shipments in Q4/F07 and will ramp throughout F2008 for a total of 1.75 million units shipped. In F2009, our estimates take into account an increase in market penetration and unit shipments to total approximately 11 million. During this ramp in shipment revenue, we have incorporated ASP erosion into our assumptions as Intrinsyc offers volume pricing.

Taking into account the above assumptions, our F2007 revenue estimate rises at a conservative 10% annual growth rate to C$20.6 million and the loss declines to (C$0.18) per share. Factoring in the ramp in Soleus unit shipments, we expect total F2008 and F2009 revenue to increase 44% and 133% on a Y/Y basis to C$29.7 million and C$69.1 million, respectively. In addition, we believe that overall gross margins will improve, due to higher portion of the Soleus software sales within the revenue mix, from the projected 48% margin in F2007 to approximately 60% in F2008 and just under 80% in F2009. This translates into improving the bottom line, with forecast EPS of (C$0.10) in F2008 and C$0.09 in F2009.

We have assumed a 30% reported GAAP tax rate for F2009, although, Intrinsyc does have significant tax loss carry forwards in both the Canadian and UK tax jurisdictions and, hence, we expect the actual cash taxes paid in F2009 to be significantly lower.

Figure 19: Financial Estimates

FYE Aug (C$000)	F2006A	F2007E	F2008E	F2009E
Unit Shipments (000)		10	1,750	11,250
ASP Assumptions (C$)		4.83	4.23	3.98
Revenue	18,658	20,600	29,676	69,145
Y/Y Growth	*6.4%*	*10%*	*44%*	*133%*
EBITDA	(13,671)	(15,094)	(11,232)	17,239
Net Income	(16,393)	(16,615)	(12,256)	11,288
EPS - fully diluted	(0.24)	(0.18)	(0.10)	0.09

Source: Canaccord Adams estimates, Company reports

VALUATION

We have focused our valuation on a discounted cash flow (DCF) approach because we believe that Intrinsyc's value will be driven by longer-term prospects rather than near-term financials. We have provided a comparables analysis as well, but provide this more for illustrative purposes.

DCF

Our 20-year DCF model points to an average equity value of C$1.75 per share based on a 14.5% weighted average cost of capital (WACC) and a 4% terminal growth rate. On the low end, the value drops to C$1.51 per share (assuming a 3% terminal growth rate and 15.5% WACC) and on the high end, the DCF generates a value of C$2.08 per share (when applying a 5% terminal growth rate and 13.5% WACC). Please see the following sensitivity analysis.

We believe that the assumptions driving our model are realistic, given the significant growth potential of the Soleus software platform. We expect Soleus to have significant impact to the bottom line from F2009 onwards. Our forecasts have an estimated CAGR of 18% from F2009 to F2016. Thereafter, we have assumed that growth stabilizes to a CAGR of 5.4% for the next decade.

Figure 20: DCF Valuation – Sensitivity Analysis

		Discount Rate				
		13.5%	14.0%	14.5%	15.0%	15.5%
Terminal Growth Rate	3.0%	1.97	1.84	1.72	1.61	1.51
	4.0%	2.02	1.88	1.75	1.64	1.53
	5.0%	2.08	1.92	1.79	1.67	1.56

Source: Company reports, Canaccord Adams

Industry comparables

We have based our industry comparables analysis on nine publicly trading technology firms. We have selected a number of firms that offer specialized software and services to the mobile handset segment and a number of firms that provide solutions in the mobility area, in general. Our analysis shows average F2008 industry EV/sales and P/E multiples at 4.4 times and 20 times, respectively. We have elected to include Call Genie's F2008 E/V to sales figure to provide an outlook on how the market is currently valuing a small, high-growth company. In general, we believe that a comparables analysis is not the best valuation methodology, due to our expectation of strong top-line growth into F2009 (~130%) for Intrinsyc and very high earnings leverage in F2009 and beyond. Hence, we place a higher weighting on our DCF analysis.

Figure 21: Comparables

			Price	Revenue			EPS			EV/Sales		P/E	
			(05/22/07)	F2007E	F2008E	Growth	F2007E	F2008E	Growth	F2007E	F2008E	F2007E	F2008E
Access	4813	TSE	436,000	35,239	41,389	17%	24,514	27,520	12%	4.8	4.1	17.8	15.8
Aplix	3727	TSE	141,000	6,174	6,756	9%	6,012	6,137	2%	2.3	2.1	23.5	23.0
Trolltech	TROLL	OS	11.00	241.0	342.0	42%	(0.67)	(0.19)	NM	2.2	1.6	NM	NM
Call Genie	GNE.	V	$2.31	2.2	12.9	NM	(0.11)	(0.01)	NM	NM	13.4	NM	NM
Red Hat	RHT	N	$23.28	486.0	611.0	26%	0.65	0.81	25%	8.2	6.5	35.8	28.7
Research In Motion	RIMM	Q	$159.06	4,218.8	5,533.1	31%	4.82	7.07	47%	6.9	5.3	33.0	22.5
Wind River	WIND	Q	$10.26	317	358	13%	0.34	0.50	47%	2.4	2.2	30.2	20.5
Zamano	ZMNO	L	33.50	19	23	21%	0.04	0.05	18%	1.3	1.1	12.9	10.9
Zi Corp.	ZICA	Q	$1.08	12	15	24%	(0.09)	(0.01)	NM	4.4	3.6	NM	NM
Average						**23%**			**25%**	**4.1**	**4.4**	**25.5**	**20.2**
Median						**22%**			**22%**	**3.4**	**3.6**	**26.8**	**21.5**
Intrinsyc*	**ICS.**	**T**	**$0.55**	21	36	67%	(0.16)	(0.07)	129%	1.9	1.1	NM	NM
Intrinsyc*	ICS.	T	**$1.75**	21	36	67%	(0.16)	(0.07)	129%	8.4	5.0	NM	NM

*Intrinsyc's fiscal year-end is August and, for comparison purposes, we have adjusted the F2007 and F2008 numbers to end in November in each year.
Source: Baseline, Bloomberg, Canaccord Adams estimates

INVESTMENT RISKS

ESG erosion

ESG has shown intermittent growth over the last few years. We see a few reasons why the group could begin to erode. Firstly, Soleus is intended at some level to compete with offerings from Symbian. We believe that Symbian is one of ESG's largest competitors. If Soleus were to gain traction against Symbian, the company could elect to reduce its business with ESG. Somewhat mitigating this risk is the observation that Symbian appears to be a relatively satisfied customer of ESG. We believe that Intrinsyc has considerably grown the number of employees tied to Symbian contracts over the past few years. As well, the company assures its ESG customers that the Soleus team is not privy to any competitive data from Symbian or any other ESG clients. The second factor that could cause disruptions to ESG is management's focus on Soleus. The company has clearly expended much of its resources on developing this new business line. With minimal attention on the ESG side, the group's ability to progress and respond to competitive threats may be weakened.

Competition intensifies

Intrinsyc faces competition from several sources. Symbian or Linux could develop lower end-offerings to compete against Soleus in the mid-tier feature phone market. Additionally, direct competitors like Access, MontaVista or Trolltech, could begin to gain greater traction in the marketplace, potentially beating out Intrinsyc on handset device wins. Finally, Microsoft could elect to develop its own lower-end offering for the feature phone market in order to keep a larger portion of the pie should Soleus take off. We believe this is unlikely given Microsoft's general reluctance to strip down full offerings in order to target the lower-end market.

Timing of design wins

Our forward estimates are contingent upon Intrinsyc winning some large and material contracts with device OEMs. The evaluation and negotiation phases for many of these clients tend to be elongated, in our view. As such, sales cycles and development cycles are often longer than anticipated – in some cases approaching 18-24 months. If potential contracts get pushed out, Intrinsyc's near-term financial performance may suffer, potentially causing the share price to underperform.

Design wins do not translate into material royalty revenues

The vast majority of Intrinsyc's value will be based on per unit royalties, in our view. As any of the firm's contracts are unlikely to guarantee a minimum volume, Intrinsyc's financial performance will be based on success that device OEMs have selling to end-users. We provide the example of Wistrom, which signed a contract with Intrinsyc in June 2006. Wistrom was unsuccessful at generating mass appeal for its Soleus-driven device. As such, the contract did not have a material impact to Intrinsyc's financials.

Key management team losses

In our opinion, there are three key executives driving the go-to-market strategy of the firm, and which bring more than direction and experience but also industry contacts. As such, a loss of any one of the following three key executives, Glenda Dorchak, Mark Johnston, and Randy Kath, could be detrimental to the prospects of the firm.

Currency risk

Intrinsyc is a Canadian reporting entity, with the majority of its billings in US dollars. This exposes the company to foreign exchange risks.

Other risks include litigation, slower-than-expected growth in the mobile device market, faster-than-expected ASP erosion at handset OEM/ODMs that might pressure Intrinsyc's ASPs down significantly, and broader macroeconomic forces impacting the market.

SUMMARY

In Intrinsyc Software, we see a mature, services-oriented company that has the potential to transform itself into a high growth software vendor in the attractive mobile OS market. Since F2004, the company has been focused on developing a high level OS for the mid-tier mobile handset market based on a stripped-down version of WinCE. The company announced the production version availability of its Soleus product in December 2006.

Over the past decade, Intrinsyc has successfully grown its ESG unit, which has enabled the firm to build a strong reputation with multinational customers and partners. We believe this aspect bodes well for the company’s software division. With Soleus, Intrinsyc offers the only Windows-based OS for the mid-tier mobile handset market. The platform’s strengths reside in its telephony stack, application suite, and UI framework. Management estimates that Soleus’s addressable market is worth about 200 million units per year. Assuming an average sales price of US$4.00 yields an annual market opportunity of US$800 million. Our confidence that Intrinsyc is able to secure a material slice of this market is primarily based on the quality and reputation of the company's management team. CEO, Glenda Dorchak, and Sales and Business Development VP, Mark Johnston, joined Intrinsyc in 2006 after having held senior positions at Intel. The company's CTO, Randy Kath, was a key element in building the first Windows CE embedded platform for Microsoft. The experience and relationships held by Intrinsyc's senior executives position the company well in the mobile OS market, in our opinion.

Overall, we believe that Intrinsyc offers good stability with its engineering business and solid upside with the Soleus platform. Given the size of the market opportunity, seasoned management team and solid go-to-market strategy, we initiate coverage of Intrinsyc Software with a SPECULATIVE BUY recommendation and a C$1.75 target price, based on our DCF analysis. We recommend Intrinsyc to risk-tolerant investors.

Figure 22: Intrinsyc Income Statement (C$000)

	FY 31-Aug-05	FY 31-Aug-06	Q1 30-Nov-06	Q2 28-Feb-07	Q3 31-May-07	Q4 31-Aug-07	FY 31-Aug-07	FY 31-Aug-08	FY 31-Aug-09
Total Revenues	**17,539**	**18,658**	**5,021**	**5,036**	**5,009**	**5,534**	**20,600**	**29,676**	**69,145**
YOY Growth	15.6%	6.4%	10.3%	5.1%	14.1%	12.4%	10.4%	44.1%	133.0%
Cost of Sales	9,081	11,318	2,705	2,554	2,604	2,819	10,682	11,657	14,703
% of Total Revenues	51.8%	60.7%	53.9%	50.7%	52.0%	50.9%	51.9%	39.3%	21.3%
Gross Profit	8,458	7,340	2,316	2,482	2,404	2,716	9,918	18,019	54,442
Gross Margin	48.2%	39.3%	46.1%	49.3%	48.0%	49.1%	48.1%	60.7%	78.7%
Expenses									
Reseach and development	4,043	10,970	2,976	3,302	3,000	3,480	12,758	15,157	18,049
YOY Growth	123.7%	171.3%	80.6%	24.4%	0.3%	-5.3%	16.3%	18.8%	19.1%
Sequential Growth			-19.0%	10.9%	-9.1%	16.0%			
% of Total Revenues	23.1%	58.8%	59.3%	65.6%	59.9%	62.9%	61.9%	51.1%	26.1%
Admin Exp.	4,185	5,408	1,124	1,411	1,044	1,149	4,728	4,208	4,451
YOY Growth	70.8%	29.2%	-19.1%	3.7%	-13.8%	-20.6%	-12.6%	-11.0%	5.8%
Sequential Growth			-22.3%	25.5%	-26.0%	10.0%			
% of Total Revenues	23.9%	29.0%	22.4%	28.0%	20.9%	20.8%	23.0%	14.2%	6.4%
Sales & Marketing	3,008	3,457	1,333	1,697	1,548	1,703	6,280	8,041	11,411
YOY Growth	-12.2%	14.9%	65.1%	92.0%	72.0%	96.6%	81.7%	28.0%	41.9%
Sequential Growth			53.9%	27.3%	-8.8%	10.0%			
% of Total Revenues	17.2%	18.5%	26.5%	33.7%	30.9%	30.8%	30.5%	27.1%	16.5%
Stock Based Compensation	816	915	200	210	231	288	928	1,255	1,516
YOY Growth	NA	12.1%	-2.4%	-30.4%	-8.1%	82.3%	1.5%	35.2%	20.8%
Sequential Growth			26.3%	5.2%	9.8%	25.0%			
% of Total Revenues	4.7%	4.9%	4.0%	4.2%	4.6%	5.2%	4.5%	4.2%	2.2%
Amortization	825	1,061	179	213	182	184	758	755	786
% of Total Revenues	4.7%	5.7%	3.6%	4.2%	3.6%	3.3%	3.7%	2.5%	1.1%
Technology Partnerships Canada Funding	215	261	0	2	150	166	318	590	1,774
Total Operating Expenses	13,092	22,072	5,811	6,834	6,155	6,970	25,770	30,007	37,989
Income (Loss) from Operations	(4,634)	(14,732)	(3,495)	(4,351)	(3,751)	(4,254)	(15,852)	(11,987)	16,453
EBITDA	(3,809)	(13,671)	(3,316)	(4,139)	(3,569)	(4,070)	(15,094)	(11,232)	17,239
EBITDA Margin	-21.7%	-73.3%	-66.0%	-82.2%	-71.3%	-73.5%	-73.3%	-37.8%	24.9%
Foreign exchange loss (gain)	483	428	(250)	(175)	0	0	(424)	0	0
LT Debt Accretion & Amortization/Other	0	745	928				928		
EBIT	(5,117)	(15,905)	(4,173)	(4,177)	(3,751)	(4,254)	(16,355)	(11,987)	16,453
Net interest income (expense)	(120)	358	28	(57)	44	60	75	269	327
EBT	(4,997)	(16,263)	(4,201)	(4,120)	(3,795)	(4,314)	(16,430)	(12,256)	16,126
EBT Margin	-28.5%	-87.2%	-83.7%	-81.8%	-75.8%	-77.9%	-79.8%	-41.3%	23.3%
Income taxes (net)	(17)	131	57	127	0	0	184	0	4,838
Net income	(4,980)	(16,393)	(4,259)	(4,247)	(3,795)	(4,314)	(16,615)	(12,256)	11,288
Net Margin	-28.4%	-87.9%	-84.8%	-84.3%	-75.8%	-77.9%	-80.7%	-41.3%	16.3%
Shares Outstanding									
Weighted average	47,107	67,526	83,043	83,043	89,710	116,377	93,044	116,377	116,377
Fully Diluted	47,107	67,618	83,044	83,043	89,710	116,377	93,044	117,987	120,963
EPS - Basic	(0.11)	(0.24)	(0.05)	(0.05)	(0.04)	(0.04)	(0.18)	(0.11)	0.10
EPS - Fully Diluted	(0.11)	(0.24)	(0.05)	(0.05)	(0.04)	(0.04)	(0.18)	(0.10)	0.09

Source: Canaccord Adams estimates, Company reports

Figure 23: Intrinsyc Consolidated Balance Sheet (C$000)

	FY 31-Aug-05	FY 31-Aug-06	Q1 30-Nov-06	Q2 28-Feb-07	Q3 31-May-07	Q4 31-Aug-07	FY 31-Aug-07	FY 31-Aug-08	FY 31-Aug-09
Assets									
Current Assets									
Cash and cash equivalents	2,318	22,487	9,169	5,950	21,067	17,014	17,014	6,499	19,238
Funds held in trust	0	0	0	0	0	0	0	0	0
Restricted cash	0	0	0	0	0	0	0	0	0
Short term investment	5,000	0	0	0	0	0	0	0	0
Accounts receivable	3,910	3,790	4,979	3,983	4,117	4,549	4,549	7,935	19,865
Other receivable	0	0					0	0	0
Inventory	134	111	150	129	129	129	129	129	129
Prepaid expenses and other assets	346	386	398	372	376	380	380	395	411
	11,708	26,774	14,697	10,435	25,689	22,072	22,072	14,958	39,643
Capital assets	981	1,361	1,339	1,390	1,486	1,450	1,450	1,281	992
Goodwill	14,189	14,189	14,189	14,189	14,189	14,189	14,189	14,189	14,189
Intangible Assets	1,213	556	477	398	398	398	398	398	398
Other assets	0	62	185	187	187	187	187	187	187
Deferred financing costs	0	517	0	0	0	0	0	0	0
	16,383	16,685	16,191	16,165	16,261	16,226	16,226	16,056	15,767
Total Assets	28,091	43,458	30,888	26,600	41,950	38,298	38,298	31,015	55,411
Liabilities and Shareholders' Equity									
Current Liabilities									
Accounts payable and accrued liabilities	2,790	4,011	3,094	2,828	2,404	2,657	2,657	4,634	11,601
Taxes payable	263	219	162	295	295	295	295	295	295
Deferred revenue	837	543	649	559	1,202	1,328	1,328	3,089	7,734
	3,890	4,772	3,906	3,682	3,901	4,280	4,280	8,018	19,630
Future income taxes	261	230	203	175	170	165	165	145	125
Debentures	0	7,618	0	0	0	0	0	0	0
	261	7,848	203	175	170	165	165	145	125
Total Liabilities	4,152	12,620	4,109	3,857	4,071	4,445	4,445	8,163	19,755
Shareholders' Equity	23,939	30,839	26,780	22,743	37,879	33,853	33,853	22,851	35,655
	23,939	30,839	26,780	22,743	37,879	33,853	33,853	22,851	35,655
Total Liabilities and Shareholders' Equity	28,091	43,458	30,888	26,600	41,950	38,298	38,298	31,015	55,411

Source: Canaccord Adams estimates, Company reports

Figure 24: Intrinsyc Cash Flow Statement (C$000)

	FY 31-Aug-05	FY 31-Aug-06	Q1 30-Nov-06	Q2 28-Feb-07	Q3 31-May-07	Q4 31-Aug-07	FY 31-Aug-07	FY 31-Aug-08	FY 31-Aug-09
Cash flows from operating activities:									
Net income (loss)	(4,980)	(16,393)	(4,259)	(4,247)	(3,795)	(4,314)	(16,615)	(12,256)	11,288
Adjustments									
Items not involving cash									
Depreciation and amortization	825	1,061	179	213	182	184	758	755	786
Future income taxes	(95)	(32)	(27)	(28)	(5)	(5)	(65)	(20)	(20)
Stock based compensation	816	915	200	210	231	288	928	1,255	1,516
Accretion and amortization – long-term debt	0	618	222	0	0	0	222	0	0
	(3,433)	(13,705)	(3,685)	(3,852)	(3,387)	(3,847)	(14,771)	(10,266)	13,570
Change in non-cash working capital	1,764	923	(2,231)	817	82	(57)	(1,389)	337	(334)
CFO	(1,669)	(12,782)	(5,916)	(3,034)	(3,306)	(3,904)	(16,160)	(9,929)	13,236
Cash flows from investing activities:									
Purchase of short term investments	(5,000)	0	0	0	0	0	0	0	0
Purchase of property and equipment	(737)	(785)	(78)	(185)	(278)	(149)	(690)	(586)	(497)
CFI	(5,737)	(785)	(78)	(185)	(278)	(149)	(690)	(586)	(497)
Cash flows from financing activities:									
Issuance of shares	5,124	21,779	0	0	18,700	0	18,700	0	0
Debentures	0	6,956	(8,029)	0	0	0	(8,029)	0	0
Other		0	705	0	0	0	705	0	0
CFF	5,124	28,735	(7,324)	0	18,700	0	11,377	0	0
Net cash flow	(2,282)	15,169	(13,318)	(3,219)	15,117	(4,053)	(5,473)	(10,515)	12,739
Cash, beginning of period	4,600	7,318	22,487	9,169	5,950	21,067	22,487	17,014	6,499
Cash, end of period	2,318	22,487	9,169	5,950	21,067	17,014	17,014	6,499	19,238

Source: Canaccord Adams estimates, Company reports

Figure 25: Discounted Cash Flow Analysis – Part 1/2

		FY 31-Aug-07	FY 31-Aug-08	FY 31-Aug-09	FY 30-Apr-10	FY 30-Apr-11	FY 30-Apr-12	FY 30-Apr-13	FY 30-Apr-14	FY 30-Apr-15	FY 30-Apr-16
Free Cash Flow											
Operating cash flow		(16,159.8)	(9,929.3)	13,236.0	18,530.4	24,089.5					
Less recurring investments		(689.8)	(585.7)	(1,978.1)	(2,852.7)	(3,694.0)					
Free Cash Flow		**(16,849.6)**	**(10,515.0)**	**11,257.9**	**15,677.7**	**20,395.5**	**25,494.4**	**30,338.4**	**33,341.9**	**35,675.8**	**37,816.4**
n		0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5
Discounted FCF @ 13.0%	13.5%	(15,815.8)	(8,695.9)	8,202.9	10,064.6	11,536.0	12,704.8	13,320.5	12,898.0	12,159.3	11,355.8
Discounted FCF @ 13.5%	14.0%	(15,781.1)	(8,638.8)	8,113.2	9,910.9	11,310.0	12,401.3	12,945.3	12,479.7	11,713.4	10,891.4
Discounted FCF @ 14.0%	14.5%	(15,746.6)	(8,582.3)	8,024.9	9,760.3	11,089.5	12,106.4	12,582.2	12,076.7	11,285.7	10,447.9
Discounted FCF @ 14.5%	15.0%	(15,712.4)	(8,526.4)	7,938.0	9,612.6	10,874.1	11,819.7	12,230.8	11,688.4	10,875.3	10,024.2
Discounted FCF @ 15.0%	15.5%	(15,678.3)	(8,471.1)	7,852.4	9,467.7	10,663.9	11,541.0	11,890.8	11,314.2	10,481.6	9,619.5
	Avg CAGR			Growth	40.0%	30.0%	25.0%	19.0%	9.9%	7.0%	6.0%
Present Value of FCF until 2024	**18.4%**	**5.4%**		Recurring Inv.	20%	20%					
	Stage 1	Stage 2									
13.5%	67,730	85,217						**Cash flow growth**			
14.0%	65,345	79,873						**2009 to 2016**	18.4%		
14.5%	63,045	74,900						**2017 to 2023**	5.4%		
15.0%	60,825	70,268				**Terminal growth**	**3.0%**				
15.5%	58,682	65,952					**4.0%**				
Terminal Value	47,682	52,701	58,901				**5.0%**				
Terminal Value	41,592	45,751	50,835								
Terminal Value	36,370	39,834	44,027			Shares O/S	116,377				
Terminal Value	31,876	34,774	38,252								
Terminal Value	27,997	30,432	33,330								

Source: Canaccord Adams estimates

Figure 26: Discounted Cash Flow Analysis – Part 2/2

($000)	Terminal Growth Rate		
14.0%	**3.0%**	**4.0%**	**5.0%**
PV of Terminal Value	41,592	45,751	50,835
PV of operating cash flow	145,219	145,219	145,219
Value	186,811	190,970	196,054
Less Current Net Debt	(24,200)	(24,200)	(24,200)
Net Value	211,011	215,170	220,254
In C$	1.84	1.88	1.92
14.5%	**3.0%**	**4.0%**	**5.0%**
PV of Terminal Value	36,370	39,834	44,027
PV of operating cash flow	137,944	137,944	137,944
Value	174,314	177,778	181,971
Less Current Net Debt	(24,200)	(24,200)	(24,200)
Net Value	198,514	201,978	206,171
In C$	1.72	1.75	1.79
15.0%	**3.0%**	**4.0%**	**5.0%**
PV of Terminal Value	31,876	34,774	38,252
PV of operating cash flow	131,092	131,092	131,092
Value	162,969	165,867	169,344
Less Current Net Debt	(24,200)	(24,200)	(24,200)
Net Value	187,169	190,067	193,544
In C$	1.61	1.64	1.67

Weighted Average Cost of Capital (WACC)	
Shares Outstanding (M)	116.4
Price per share	$ 0.55
Market value of equity (M)	$64.0
Beta (from Bloomberg, using proxies)	1.9
Risk free rate (10-Year GILT)	4.8%
Market premium	5.0%
Cost of equity	14.5%
Market value of debt (M)	0.00
Cost of debt	5%
Tax rate	30%
After-tax cost of debt	4%
Debt / Total Capital	0.00
WACC	14.5%

Source: Canaccord Adams estimates

APPENDIX: IMPORTANT DISCLOSURES

Analyst Certification: Each authoring analyst of Canaccord Adams whose name appears on the front page of this investment research hereby certifies that (i) the recommendations and opinions expressed in this investment research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the investment research.

Site Visit: An analyst has visited the issuer's material operations in Vancouver, British Columbia. No payment or reimbursement was received from the issuer for the related travel costs.

Price Chart:*

	Date	Analyst	Rating	Target Price
1)	12/17/03	MA	Buy	55.00
2)	12/23/03	MA	Buy	75.00
3)	01/07/04	MA	Buy	85.00
4)	03/02/04	MA	Buy	75.00
5)	03/16/05	PM	Hold	90.00
6)	09/27/05	PM	Buy	95.00
7)	09/25/06	PM	Buy	115.00
8)	09/29/06	PM	Buy	135.00
9)	11/20/06	PM	Buy	180.00

* Price charts assume event 1 indicates initiation of coverage or the beginning of the measurement period.

Distribution of Ratings:
Global Stock Ratings
(as of 1 August 2006)

	Coverage Universe		IB Clients
Rating	#	%	%
Buy	291	56.3%	41.2%
Speculative Buy	61	11.8%	60.7%
Hold	144	27.9%	31.3%
Sell	21	4.1%	19.0%
	517	100.0%	

Canaccord Ratings System:

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.
HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.
SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.

"Risk-adjusted return" refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

Risk Qualifier: SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

Canaccord Research Disclosures as of 24 May 2007

Company	Disclosure
Intrinsyc Software International Inc.	1A, 2, 3, 7
Research In Motion	5, 7

1	The relevant issuer currently is, or in the past 12 months was, a client of Canaccord Adams or its affiliated companies. During this period, Canaccord Adams or its affiliated companies provided the following services to the relevant issuer: A. investment banking services. B. non-investment banking securities-related services. C. non-securities related services.
2	In the past 12 months, Canaccord Adams or its affiliated companies have received compensation for Corporate Finance/Investment Banking services from the relevant issuer.
3	In the past 12 months, Canaccord Adams or any of its affiliated companies have been lead manager, co-lead manager or co-manager of a public offering of securities of the relevant issuer or any publicly disclosed offer of securities of the relevant issuer or in any related derivatives.
4	Canaccord Adams acts as corporate broker for the relevant issuer and/or Canaccord Adams or any of its affiliated companies may have an agreement with the relevant issuer relating to the provision of Corporate Finance/Investment Banking services.
5	Canaccord Adams or any of its affiliated companies is a market maker or liquidity provider in the securities of the relevant issuer or in any related derivatives.
6	In the past 12 months, Canaccord Adams, its partners, affiliated companies, officers or directors, or any authoring analyst involved in the preparation of this investment research has provided services to the relevant issuer for remuneration, other than normal course investment advisory or trade execution services.
7	Canaccord Adams intends to seek or expects to receive compensation for Corporate Finance/Investment Banking services from the relevant issuer in the next six months.
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