

November 13, 2008

Intrinsyc Software International Inc. (ICS-T, \$0.17)

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Rating: SECTOR OUTPERFORM; 12-Month Target: \$1.10; Risk: SPECULATIVE

Impact: Neutral

Event: Intrinsyc Shuffles the Board and Changes the CEO

- Intrinsyc Software announced that Ms. Glenda Dorchak will no longer continue as Chairman and Chief Executive Officer (CEO) of the Company.
- Mr. Tracy Rees, current Chief Operating Officer (COO), will act as interim CEO. Mr. Rees joined Intrinsyc in 2007 (as acting GM for APAC), and has played a pivotal roll in closing the Soleus™ design wins over the past year. Mr. Rees brings more than 25-years of experience in the mobile software and embedded technology industry.
- Mr. Philip Ladouceur, a Director of the Company, has been appointed Chairman. Mr. Ladouceur has many years of experience as a senior executive and has been on the board of various NASDAQ, NYSE and TSX-listed companies.

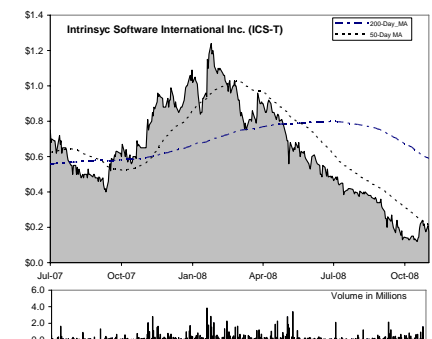
Implications: Neutral, we believe that the executive realignment reflects a tighter Soleus™-focused business alignment. The Q3/08 conference call is on November 14, 2008 at 8:30am EST, call 1-866-400-2280 to participate. For Q3/08, we estimate revenues of US\$7.8M (cons: US\$7.8M) and EPS of -US\$0.04 (cons: -US\$0.04).

Valuation: From a valuation perspective, Intrinsyc is trading at a discount to the Haywood Global Mobility Software Universe based on our CY2009/CY2010 estimates (EV/Sales: 2009: 0.2x versus 1.6x, 2010: 0.2x versus 1.3x). Our DCF-based target of \$1.10 is based on a 10% discount rate and a terminal 10x EV/EBITDA multiple.

Target Price	\$1.10	52-Week High / Low	\$1.30 / \$0.12
Current Price	\$0.17	Shares O/S	161.9 million (basic)
Return (incl. dist'n)	547%		191.0 million (F/D)
YTD Performance	-81%	Market Capitalization	\$27.5 million
Dividend / Yield	N/A	Enterprise Value	\$6.1 million
		Daily Volume	
		(3 mo avg)	320K
Risk Profile:	High	Currency	C\$ unless noted
Forecast Risk	High	Company Web Site	www.intrinsyc.com
Financial Risk	High	CEO (interm)	Tracy Rees
Valuation Risk	High		

Last Research: Nov 13, 2008

Price Performance



Source: Bloomberg

Please see rating structure, important disclosures, risk profile parameters, disclaimers, and notes on pages 3-6 of this report.





Intrinsyc Software International Inc.	Ticker Shares O/S (M)	ICS-T 191.0	Price Market Cap. (\$M):	\$0.17 \$28	Rating: Sector Outperform Target: \$1.10
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Alpha: Product delivery in Taiwan, China and EMEA will provide positive synergy and momentum to future licensing deals.

Investment Highlights

Company Description - Intrinsyc is a leader in software and services that enable next-generation handheld and embedded products, including mobile handsets, smart phones and converged devices.

Investment Brief - The company's mobile software products, engineering services, and years of expertise help OEMs, service providers, and silicon providers deliver compelling wireless products with faster time-to-market and improved development cost. Intrinsyc is a Microsoft Windows Embedded Gold Partner, the 2007 Windows Embedded Excellence Award winner for System Integrator, and a Symbian Platinum Partner.

Catalysts - Continued design wins, two have been announced so far, should drive royalty revs.

Risks - Handset mfrs and OEMs decide not to go with Windows CE platform; slow shipments delay royalty stream.

Recent Financings:

Equity Offering Feb 2008 - 28.6M @ \$1.05
Past Equity Offering May 2007 - 33.3M @ \$0.60

Management:

Philip Ladouceur, Chairman; Tracy Rees, COO & Intern CEO; George Reznik, CFO

Intrinsyc Software International Inc. - Chart



Financial Forecasts (USD\$)

FY-end Dec-31	Annual					Quarterly				
	2007A	2008E	2009E	2010E	2011E	Q1/2008A	Q2/2008A	Q3/2008E	Q4/2008E	Q1/2009E
Revenues (\$mlns)	18.2	26.3	49.4	69.8	85.7	5.6	5.6	7.8	7.3	9.3
Rev. Growth %	44%	44%	88%	41%	23%	0%	0%	40%	-6%	27%
Consensus Revenue Est. (\$mlns)		26.9	42.0	57.4	72.2	4.0	4.4	7.8	7.8	
3 months ago.		23	46	53	-	4	4	7	7	
EBITDA (\$mlns)	(16.6)	(17.3)	(3.6)	12.9	18.6	(3.7)	(3.9)	(5.4)	(4.4)	(2.8)
EBITDA Growth %		-4%	79%	456%	44%		-5%	-39%	18%	37%
Consensus EBITDA Est. (\$mlns)		(16.7)	9,215	3.9	16.1	(2.9)	(3.6)	(5.8)	(4.4)	
3 months ago.		(14.9)	(8.0)	1.2	-	(2.9)	(3.6)	(4.8)	(4.0)	
EPS (FD) (\$)	(0.16)	(0.12)	(0.04)	0.06	0.09	(0.03)	(0.03)	(0.04)	(0.03)	(0.02)
EPS Growth %		24%	68%	253%	56%		4%	-32%	16%	31%
Consensus EPS Est. (\$)		(0.13)	(0.08)	(0.01)	0.08	(0.02)	(0.02)	(0.04)	(0.03)	
3 months ago.		(0.10)	(0.04)	0.01	-	(0.02)	(0.02)	(0.03)	(0.02)	
CFPS (FD) (\$)	(0.15)	(0.11)	(0.02)	0.08	0.12	(0.04)	(0.01)	(0.03)	(0.03)	(0.02)
CFPS Growth %		-30%	79%	475%	46%		60%	-132%	20%	36%
Consensus CFPS Est. (\$)										
3 months ago.										

*All consensus numbers are from Capital IQ, covered companies are denoted by *

Valuation Metrics

	2006	2007	2008	2009
EV/EBITDA - Current	NM	NM	NM	NM
Est. EV/EBITDA - Target			NM	14.6x
EV/SALES - Current	1.9x	NM	0.4x	0.2x
Est. EV/SALES - Target			7.2x	3.8x
Current, 1-Year, 2-Year				
DCF Target	\$1.02	\$1.11	\$1.22	

Analyst Ratings: Capital IQ

	Potential Upside
Average Target	\$0.74
Median Target	\$0.70
Sector Outperform	6
Sector Perform	0
Sector Underperform	0
# of Analysts	6

*Source: CapitalIQ, Bloomberg

Comparables

Comparables	Stock Price		Pot.	Return	EV/Sales		EBITDA Margin		P/E		EV/EBITDA	
	Today	Target			2008	2009	2008	2009	2008	2009	2008	2009
Intrinsyc Software International Inc	0.17	1.10	547%	0.4x	0.2x	0.2x	-66%	-7%	NM	NM	NM	NM
Esmerlec AG	7.00	10.00	43%	3.2x	2.5x	2.2x	9%	13%	NM	NM	NM	18.8x
Access Company, Ltd.	141,200	266,333	89%	1.1x	1.0x	0.8x	6%	10%	NM	29.6x	17.8x	10.4x
Opera Software ASA	15.00	21.94	46%	2.8x	2.0x	1.5x	14%	19%	33.3x	19.4x	19.5x	10.8x
BSQUARE Corp.	2.99	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Smith Micro Software Inc.	5.80	8.44	45%	1.5x	1.3x	1.3x	17%	19%	9.6x	8.3x	8.8x	6.8x
Infracore Inc.	8,000	25,000	213%	2.1x	1.6x	1.3x	30%	39%	9.7x	5.5x	6.8x	4.1x
Acrodea Inc.	124,700	491,000	294%	1.9x	1.4x	0.9x	28%	36%	21.2x	12.1x	6.6x	3.8x
Average				2.1x	1.6x	1.3x	18%	23%	18.5x	15.0x	11.9x	9.1x

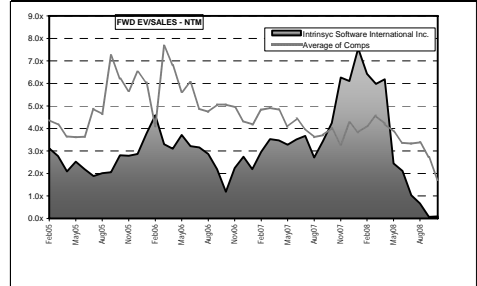
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Historical Valuation Parameters

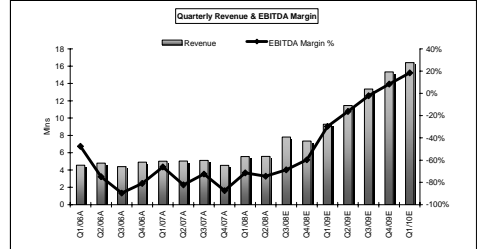
3-Yr Avg.	EV/EBITDA		P/CF		EBITDA Growth		EPS Growth		Sales Growth		Returns %	
	NTM	TTM	2008	2009	2008	2009	2008	2009	2008	2009	2008	YTD
Intrinsyc Software International Inc	NM	NM	NM	NM	4%	-79%	24%	68%	44%	88%	-57%	-81%
Esmerlec AG	4.5x	NM	50.0x	20.6x	189%	100%	89%	119%	26%	30%	-30%	-36%
Access Company, Ltd.	NM	6.9x	23.8x	15.5x	-32%	71%	103%	NM	4%	13%	-18%	-72%
Opera Software ASA	NM	NM	28.2x	16.9x	NM	80%	NM	72%	47%	37%	-32%	16%
BSQUARE Corp.	NM	4.0x	NM	NM	NM	NM	NM	NM	NM	NM	-21%	-56%
Smith Micro Software Inc.	13.1x	NM	NM	NM	128%	29%	NM	16%	37%	16%	-27%	-32%
Infracore Inc.	13.7x	NM	8.0x	4.9x	42%	67%	51%	76%	36%	30%	-53%	-50%
Acrodea Inc.	NM	16.0x	10.3x	5.5x	NM	75%	NM	76%	NM	37%	-16%	-64%
Average	10.4x	8.9x	24.1x	12.7x	82%	70%	81%	72%	30%	27%	-28%	-42%

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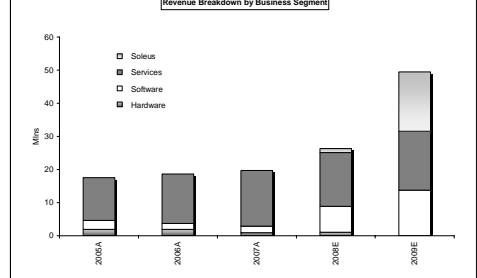
Historical Valuation Parameters



Performance Parameters



Revenue Breakdown by Business Segment



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Source: Haywood Securities, Capital IQ (* Haywood Covered Company)





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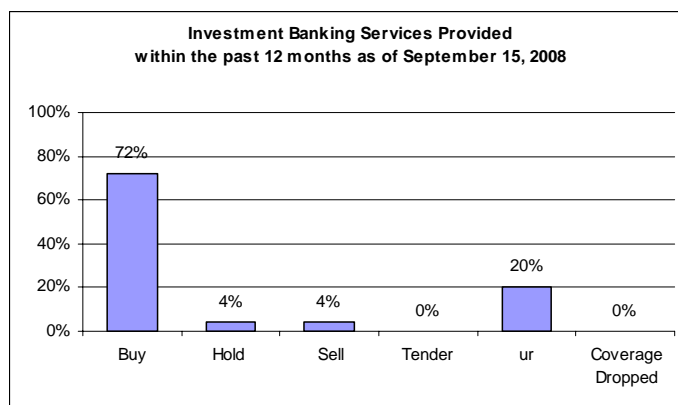
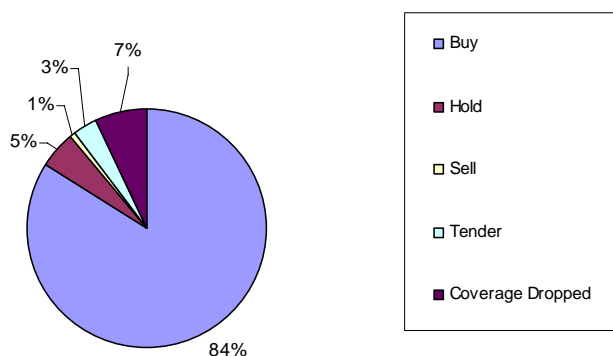
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Valuation Risk: *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. Where applicable, the DCF valuation is not more than 10% above the current equity valuation. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. Where applicable, the DCF valuation exceeds the current capitalization by more than 10%. *Low* – The current valuation is at the low end of historic ranges and at a discount to peer valuations. Where applicable, the DCF valuation exceeds the current capitalization by more than 20%.

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