

October 20, 2008

Intrinsyc Software International Inc. (ICS-T, \$0.13)

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

Impact: Positive

Event: Intrinsyc Confirms its SiRF Engagement & Soleus™ Royalty Revenues

- Intrinsyc Software has confirmed that SiRF Technology Holdings (SIRF-O) signed a software license agreement (SLA) with the Company in November 2007.
- SiRF has completed its Soleus™-based software platform integrated chipset; royalty revenues are now being generated.
- Shanghai RagenTek Communication Technology utilized this platform for its recently announced Cronos handheld device.
- The combined Intrinsyc/SiRF mobile handheld platform enables original equipment manufacturers (OEMs) to deliver handheld devices to its customers. We also note that SiRF is part of the Google Android Handset Alliance.

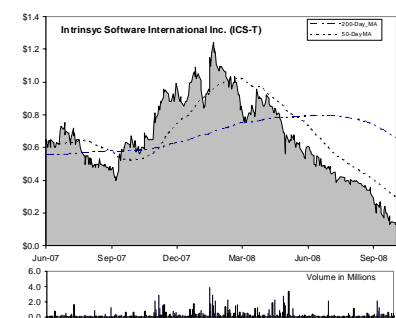
Implications: Positive; by partnering with SiRF, a leading mobile GPS semiconductor developer, Intrinsyc is leveraging SiRF's customer base and global sales network for its Soleus™ mobile operating system (OS). SiRF's industry influence has the potential to enhance the Soleus™ OS visibility and drive future revenues, further leveraging the Company's low-cost mobile OS.

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: '09: 0.1x versus 1.7x, '10: 0.05x versus 1.3x). Our DCF-based target of \$1.10 is based on a 10% discount rate and terminal 10x EV/EBITDA multiple.

Last Research: September 23, 2008

Target Price	\$1.10	52-Week High / Low	\$1.30 / \$0.12
Current Price	\$0.13	Shares O/S	161.9 million (basic) 191.0 million (F/D)
Return (incl. dist'n)	746%	Market Capitalization	\$21 million
YTD Performance	-86%	Enterprise Value	\$1M
Dividend / Yield	0.0%	Daily Volume (3 mo avg)	280K
Risk Profile:	Speculative	Currency	C\$ unless noted
Forecast Risk	High	Company Web Site	www.intrinsyc.com
Financial Risk	High	CEO	Glenda M. Dorchak
Valuation Risk	High		

Price Performance



Source: Bloomberg



Intrinsic Software International Inc.	Ticker Shares O/S (M)	ICS-T 191.0	Price Market Cap. (\$M):	\$0.13 \$21	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 - Intrinsic 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. Intrinsic 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:

Glenda Dorchak, Chairman & CEO; George Reznik, CFO; Tracy Rees, COO

Intrinsic Software International Inc. - Chart



Financial Forecasts

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%	88%	41%	23%		0%	40%	-6%	27%
Consensus Revenue Est. (\$mlns)	0.0	31.6	51.6	70.2	88.7	4.9	5.4	8.0	8.4	9.6
3 months ago.	-	28	56	65	-	5	5	8	9	10
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)	0.0	(16.6)	(6.4)	12.3	19.8	(3.6)	(4.4)	(5.9)	(5.0)	(3.4)
3 months ago.	-	(19.0)	(10.1)	1.2	-	(3.6)	(4.4)	(5.9)	(5.0)	(3.4)
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)	(0.06)	0.02	0.10	(0.03)	(0.03)	(0.04)	(0.04)	(0.03)
3 months ago.	-	(0.12)	(0.04)	0.01	-	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
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. (\$)	-	(0.11)	(0.02)	0.08	0.13	(0.02)	(0.01)	(0.03)	(0.03)	(0.02)
3 months ago.	-	(0.08)	-	0.07	-	(0.02)	(0.01)	(0.02)	-	-

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

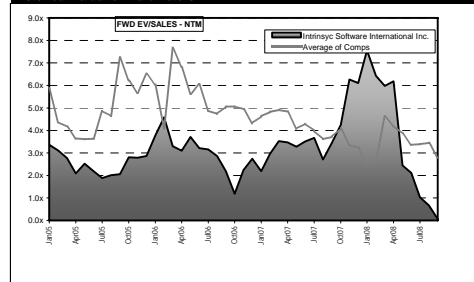
Key Statistics

Price / Target / Return	\$0.13	\$1.10	746.2%
52wk Hi / Lo	\$1.30	\$0.12	
Shares O/S (mlns)		191.0	
Basic / F.D.		161.9	
Float		150.2	
Cash Burn (mths) / Dividend Yield		1.3	0.0%
Short Interest / as % of Float		0.0	0.0%
Daily Volume (3-Mth. Avg. mins)		0.28	
Market Cap. / Enterprise Value (mlns)		21.0	-0.4
Cash / Debt (mlns)		21.5	0.0
Cash / Shr & Net Cash / Shr		\$0.13	\$0.13
Tang. Book Value / Share		\$0.23	
Company CEO / Website	Glenda M. Dorchak		www.intrinsic.com
Top Holders:			
1) IG Investment Management, Ltd.		10.1%	
2) Carlin Asset Management Limited		4.5%	
3) Gruber & McBaine Capital Management, LLC		1.1%	
Ownership:			
Management Control (Proxy)	1.7 M	1.0%	

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	0.1x	0.1x
Est. EV/SALES - Target			7.2x	3.8x
Current, 1-Year, 2-Year				
DCF Target		\$1.01	\$1.10	\$1.21

Analyst Ratings: Capital IQ	Potential Upside
Average Target	\$0.78
Median Target	\$0.80
Sector Outperform	6
Sector Perform	0
Sector Underperform	0
# of Analysts	6

Historical Valuation Parameters



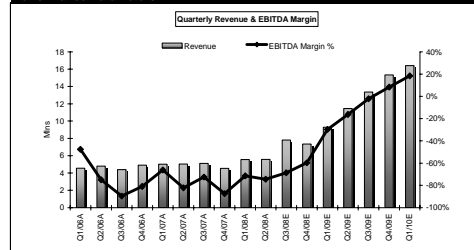
Comparables	Stock Price		Pot. Return	EV/Sales			EBITDA Margin			P/E			EV/EBITDA		
	Today	Target		2008	2009	2010	2008	2009	2008	2009	2008	2009	2008	2009	
Intrinsic Software International Inc	0.13	1.10	746%	0.1x	0.1x	0.0x	-66%	-7%	NM	NM	NM	NM	NM		
Esmertec AG	6.20	10.00	61%	2.8x	2.2x	1.9x	9%	13%	NM	NM	NM	NM	16.6x		
Access Company, Ltd.	125,500	266,333	112%	0.9x	0.8x	0.7x	6%	10%	NM	26.3x	14.6x	8.6x			
Opera Software ASA	14.50	21.94	51%	2.7x	2.0x	1.5x	14%	19%	32.2x	18.7x	19.0x	10.6x			
BSQUARE Corp.	2.53	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM		
Smith Micro Software Inc.	4.96	10.21	106%	1.3x	1.1x	1.0x	16%	21%	8.8x	6.5x	8.1x	5.2x			
Infracore Inc.	10,750	25,000	133%	2.9x	2.2x	1.8x	30%	39%	13.1x	7.4x	9.5x	5.7x			
Acrodea Inc.	144,000	491,000	241%	2.2x	1.6x	1.0x	28%	36%	24.5x	13.9x	7.8x	4.5x			
Average				2.1x	1.7x	1.3x	17%	23%	19.6x	14.6x	11.8x	8.5x			

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Historical Valuation Parameters	EV/EBITDA		P/CF		EBITDA Growth		EPS Growth		Sales Growth		Returns %	
	3-Yr Avg. NTM	TTM	2008	2009	2008	2009	2008	2009	2008	2009	2008	YTD
Intrinsic Software International Inc	NM	NM	NM	NM	4%	-79%	24%	68%	44%	88%	-71%	-86%
Esmertec AG	5.2x	NM	44.3x	18.2x	189%	100%	89%	119%	26%	30%	-39%	-44%
Access Company, Ltd.	NM	17.3x	21.2x	13.8x	-32%	71%	103%	NM	4%	13%	-27%	-75%
Opera Software ASA	NM	NM	27.3x	16.4x	NM	80%	NM	72%	47%	37%	-39%	12%
BSQUARE Corp.	NM	3.3x	NM	NM	NM	NM	NM	NM	NM	NM	-36%	-63%
Smith Micro Software Inc.	13.9x	NM	NM	NM	115%	56%	NM	35%	36%	19%	-31%	-41%
Infracore Inc.	14.1x	NM	10.7x	6.6x	42%	67%	51%	76%	36%	30%	-34%	-33%
Acrodea Inc.	NM	8.3x	11.9x	6.4x	NM	75%	NM	76%	NM	37%	-28%	-58%
Average	11.1x	9.7x	23.1x	12.3x	78%	75%	81%	75%	30%	28%	-34%	-43%

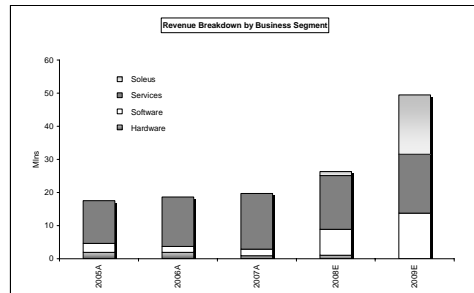
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Performance Parameters



Intrinsic Software					
Discounted Cash Flow Analysis (FY-End Dec, US\$)	2007	2008	2009	2010	2011
Modelled Units Shipped	25,000	32,500	47,825	93,750	126,875
Revenue (\$)	19,705,794	26,286,718	49,435,000	69,812,094	85,699,553
Revenue growth	2%	38%	88%	41%	23%
EBITDA (\$)	(1,634,798)	(1,296,226)	(3,628,451)	2,926,226	16,574,714
EBITDA Margin	-70%	-66%	-7%	19%	22%
Amortization (\$)	797,385	909,415	1,359,610	1,430,265	1,501,432
EBIT (\$)	(14,232,633)	(18,205,641)	(4,988,062)	11,495,961	17,073,282
NCPAT EBIT * (1 - effective tax rate)	(14,523,701)	(18,341,551)	(4,988,062)	11,495,961	17,073,282
Plus Amortization (\$)	797,385	909,415	1,359,610	1,430,265	1,501,432
Less Capital Expenditures (\$)	(562,912)	(861,999)	(790,960)	(837,745)	(1,028,395)
Capital Intensity	0	0	0	0	0
Net Working Capital Changes	303,368	3,331,784	3,609,342	(1,904,879)	60,715
Terminal Value		215,084,322	215,084,322	215,084,322	
Equity Value		82,328,060	209,404,566	230,401,642	
DCF Value		101	110	121	

Source: Haywood Securities Inc., Company Reports, Target, Return and Forecasts are Consensus Based Using Capital IQ.



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Source: Haywood Securities, Capital IQ (* Denotes Haywood Covered Companies)





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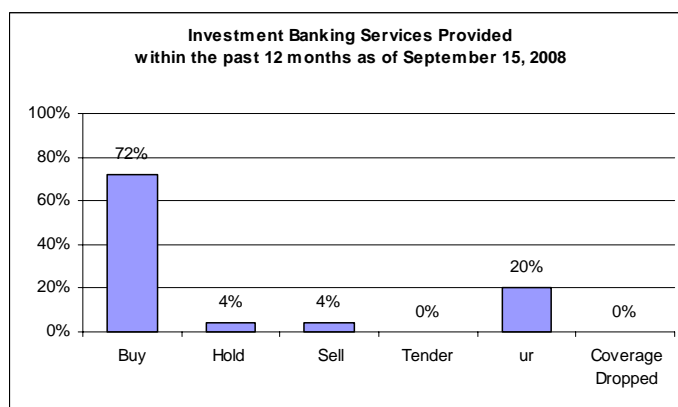
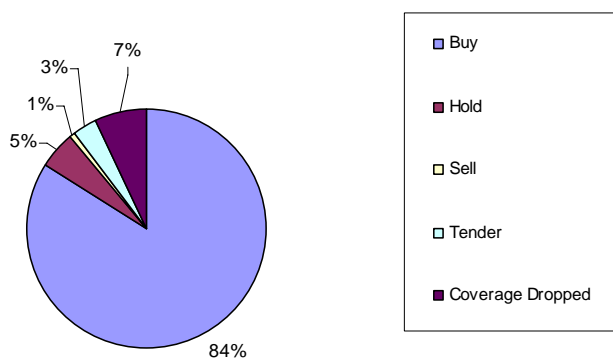
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