

INTRINSYC SOFTWARE

(ICS - VSE)

Recommendation: SPECULATIVE BUY

Description: Headquartered in Vancouver, Intrinsyc develops software tools and components for the development of Microsoft Win32 based embedded systems. These tools and components enable customers to rapidly develop software applications for a wide range of consumer and commercial electronics products that span multiple industries.

Price on February 17: \$1.30

Market Capitalization: \$20 million

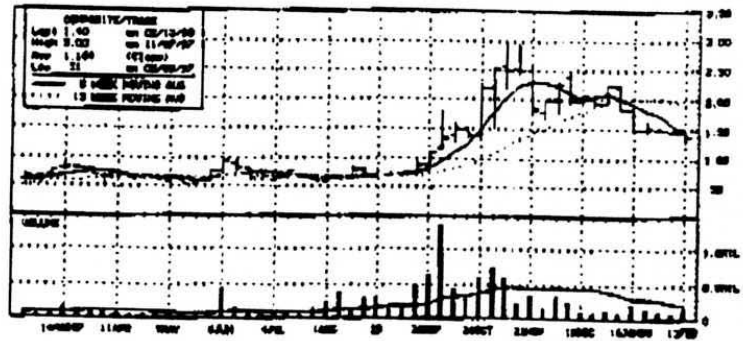
52-Week Range: \$3.00 - \$0.51

1-Year Target Price: n/a

Target Return: n/a

Shares Outstanding: 15.2 million

Sector: High Tech



Source: Bloomberg

SCdn.	Financial Snapshot			
	1995	1996	1998e	1999e
Sales				
Sales/Share				
Price/Sales				
Net Earnings				
Earnings/Share				
P/E		N/A		
Book Value				
Price/Book Value				
Shrs Outstanding				

SUMMARY AND RECOMMENDATION

- Intrinsyc has developed software tools and components for the development of Microsoft Win32 based embedded systems. The overall embedded software market is expected to grow from its current level of US\$2.5 billion to more than US\$5 billion by the year 2000. While Microsoft owns about 90% of the desktop software market, it has had very little penetration in the much larger embedded market. It is estimated that there are 10 to 20 embedded computers for every desktop machine, and Microsoft has decided to aggressively pursue this market with its "Windows Everywhere" vision.

- Intrinsyc has established important strategic partnerships including: Intel, that is shipping Intrinsyc IX with their embedded kits. Annasoft, the largest Microsoft embedded software reseller. Radisys, a supplier of embedded systems to Fortune 500 companies, Allan Crawford Associates (ACA), a Canadian distributor, and Wizard Information Systems, a distributor in Europe and the Middle East. Licensing agreements with Microsoft

are also under negotiation.

- Intrinsyc is currently in transition from its product development stage to the commercialization stage, hence, there are no significant past revenues to report, and we are still developing our financial models.

- We believe Intrinsyc represents an opportunity for investors with a high risk tolerance to participate in what we believe will be explosive growth. Intrinsyc is the early entrant into the market to provide tools to more than three million Windows programmers who need advanced tools to create Win32 based embedded products. We rate Intrinsyc as a **SPECULATIVE BUY**, however, we believe investors can be patient before buying as a private placement closed in February 1997 of 3.7 million shares at a price of \$0.37 with a hold period of one year may weigh down on the price of ICS as those shares become freely tradeable as of February 26, 1998.

Michel DeLavergne