

July 2, 2008

Intrinsyc Software International Inc. (ICS-T, \$0.54)

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Rating: *SECTOR OUTPERFORM; 12-Month Target: \$1.50; Risk: SPECULATIVE*

Impact: *Positive*

Event: *Destinator Carve-Out Goes to Courts Week of July 7th*

- Intrinsyc made the only qualified bid on the auctioned Destinator assets.
- Destinator will make motions in the State of Delaware and Province of Ontario courts during the week of July 7th, 2008, seeking vesting orders to approve the Intrinsyc offer.
- The closing of the Destinator asset carve-out is subject to certain conditions, we expect the transaction to close in mid-July, 2008. We believe Destinator could add \$8-10M in revenues to our FY2009 estimates, from customers like Microstar (MSI), Motorola, ASUSTeK, and LG Electronics.

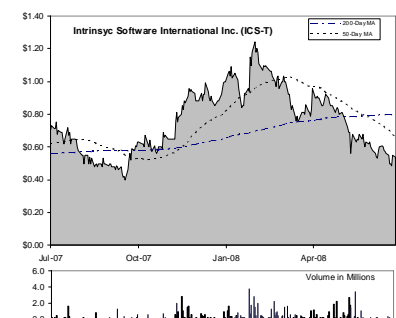
Implications: Positive; provides visibility on the Destinator asset carve-out. Destinator's mobile GPS technology represents an accretive opportunity for Intrinsyc, enabling synergistic contracts and royalties from existing and new customers.

Valuation: From a valuation perspective, Intrinsyc is trading at a discount to the Haywood Mobility Software Universe based on our CY2009/CY2010 estimates ('09: EV/Sales: 1.3x versus 2.7x, '10: EV/Sales: 0.9x versus 2.3x). Our DCF based target is derived using a 7.2% discount rate and a terminal EV/Sales multiple of 3.0x. The situation should remedy itself throughout 2008 as the Company's customers start shipping Soleus-based devices. Our DCF-based target of \$1.50 yields a CY2009 valuation of 3.8x EV/Sales.

Last Research: June 27, 2008

Target Price	\$1.50	52-Week High / Low	\$1.30 / \$0.39
Current Price	\$0.54	Shares O/S	151 million (basic)
Return (incl. dist'n)	178%		180 million (F/D)
YTD Performance	-41%	Market Capitalization	\$81.5 million
Dividend / Yield	0.0%	Enterprise Value	\$46.3 million
		Daily Volume	
Risk Profile:	Speculative	(3 mo avg)	460K
Forecast Risk	High	Currency	C\$ unless noted
Financial Risk	High	Company Web Site	www.intrinsyc.com
Valuation Risk	High	CEO	Glenda M. Dorchak

Price Performance



Please see rating structure, important disclosures, risk profile parameters, disclaimers, and notes on pages 3-5 of this report.





Intrinsic Software International Inc.	Ticker Shares O/S (M)	ICS-T 180.0	Price Market Cap. (\$M):	\$0.54 \$81	Rating: Sector Outperform Target: \$1.50
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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.

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.

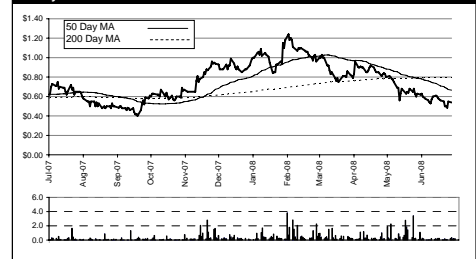
Recent Financings:

Equity Offering May 2007 - 33.3M @ \$0.60
Past Equity Offering March 2006 - 24.2M @ \$0.90

Management:

Glenda Dorchak, Chairman & CEO; George Reznik, CFO; Randy Kath, CTO

Intrinsic Software International Inc. - Chart



Financial Forecasts

FY-end Dec-31	Annual					Quarterly					
	2006A	2007A	2008E	2009E	2010E	Q1/2008A	Q2/2008E	Q3/2008E	Q4/2008E	Q1/2009E	
Revenues (\$mlns)	19.1	18.2	27.4	51.8	64.4	5.6	6.2	6.8	8.8	11.8	
Rev. Growth %		-5%	50%	89%	24%		12%	9%	31%	33%	
Consensus Revenue Est. (\$mlns)	0.0	19.5	23.7	45.2	56.4	4.9	5.4	5.8	5.8	7.4	
3 months ago.	-	19.5	23.6	49.0	59.7	4.8	5.4	5.4	6.1	8.4	
EBITDA (\$mlns)	(14.8)	(16.6)	(10.7)	(2.9)	8.4	(3.7)	(2.8)	(3.1)	(1.1)	(1.3)	
EBITDA Growth %		-12%	36%	73%	390%		23%	-8%	64%	-20%	
Consensus EBITDA Est. (\$mlns)	-	(14.2)	(14.4)	(3.9)	6.0	(3.6)	(3.7)	(3.7)	(3.5)	(2.7)	
3 months ago.	-	(14.2)	(14.0)	(0.3)	9.9	(3.6)	(3.7)	(3.7)	(3.5)	(2.7)	
EPS (FD) (\$)	(0.24)	(0.16)	(0.09)	(0.03)	0.06	(0.03)	(0.02)	(0.02)	(0.01)	(0.01)	
EPS Growth %		35%	45%	69%	331%		23%	-6%	61%	-19%	
Consensus EPS Est. (\$)	-	(0.17)	(0.10)	(0.04)	0.04	(0.03)	(0.03)	(0.03)	(0.02)	(0.02)	
3 months ago.	-	(0.17)	(0.10)	0.00	0.06	(0.02)	(0.03)	(0.03)	(0.02)	(0.01)	
CFPS (FD) (\$)	-	-	(0.08)	0.01	0.06	(0.04)	(0.01)	(0.02)	(0.01)	(0.01)	
CFPS Growth %		n/mf	n/mf	117%	384%		73%	-125%	73%	13%	
Consensus CFPS Est. (\$)	-	-	(0.08)	-	0.07	(0.02)	(0.01)	(0.02)	-	-	
3 months ago.	-	-	(0.07)	0.02	0.08	(0.02)	(0.03)	-	-	-	

*All consensus numbers are from Capital IQ

Valuation Metrics	2006	2007	2008	2009
EV/EBITDA - Current	NM	NM	NM	NM
Est. EV/EBITDA - Target				
EV/SALES - Current	1.9x	NM	2.5x	1.3x
Est. EV/SALES - Target			7.2x	3.8x
Current, 1-Year, 2-Year				
DCF Target		\$1.33	\$1.55	\$1.65

Analyst Ratings: Capital IQ	Potential Upside
Average Target	\$1.16
Median Target	\$1.25
Sector Outperform	5
Sector Perform	0
Sector Underperform	0
# of Analysts	5

Key Statistics

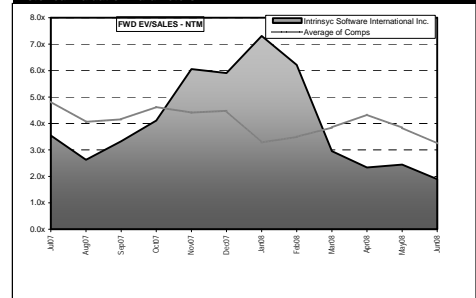
Price / Target / Return	\$0.54	\$1.50	177.8%
52wk Hi / Lo		\$1.30	\$0.39
Shares O/S (mlns)			180.0
Basic / F.D.		150.9	149.9
Dividend Yield			0.0%
Short Interest / as % of Float		0.0	0.0%
Daily Volume (3-Mth. Avg. mlns)			0.46
Market Cap. / Enterprise Value (mlns)		81.5	46.3
Cash / Debt (mlns)		35.2	0.0
Net Cash / Share			\$0.23
Tang. Book Value / Share			\$0.25
Company CEO / Website	Glenda M. Dorchak		www.intrinsic.com
Top Holders:			
1) Camlin Asset Management Limited			3.0%
2) IG Investment Management, Ltd.			2.2%
3) Cruber & McBaine Capital Management, LLC			1.2%
Ownership:			
Management Control (Proxy)		1.7 M	1.1%

*Source: CapitalIQ, Bloomberg

Comparables	Stock Price		Pot. Return	EV/Sales			EBITDA Margin		P/E		EV/EBITDA	
	Today	Target		2008	2009	2010	2008	2009	2008	2009	2008	2009
Intrinsic Software International Inc.	0.54	1.50	178%	2.5x	1.3x	0.9x	-39%	-6%	NM	NM	NM	NM
Esmertec AG	10.00	9.50	-5%	4.5x	3.5x	3.1x	9%	14%	NM	NM	24.8x	NM
Access Company, Ltd.	204,000	381,667	87%	2.0x	1.7x	1.4x	6%	9%	NM	46.8x	NM	18.3x
Opera Software ASA	23.00	25.21	10%	5.0x	3.7x	2.9x	12%	18%	NM	33.6x	NM	20.7x
BSQUARE Corp.	4.83	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Smith Micro Software Inc.	5.63	13.79	145%	1.4x	1.2x	1.1x	16%	22%	8.9x	6.8x	8.9x	5.4x
Infrared Inc.	14,100	27,000	91%	3.7x	3.1x	2.7x	34%	42%	15.8x	10.0x	11.0x	7.3x
Acrodea Inc.	254,000	425,000	67%	NM	3.0x	2.4x	NM	0%	NM	NM	NM	NM
Average				3.3x	2.7x	2.3x	16%	18%	12.3x	24.3x	10.0x	15.3x

*All consensus numbers are from Capital IQ

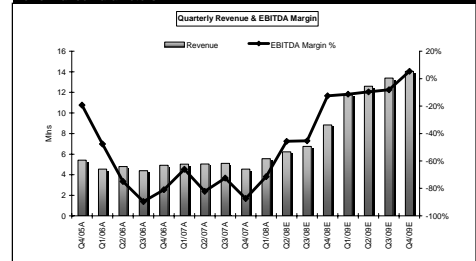
Historical Valuation Parameters



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	Last 3m/1 YTD
Intrinsic Software International Inc.	NM	NM	NM	NM	-36%	-73%	45%	69%	50%	89%	-32%	-41%
Esmertec AG	NM	NM	NM	29.4x	196%	95%	92%	151%	24%	29%	24%	-9%
Access Company, Ltd.	26.4x	27.2x	37.7x	30.4x	-32%	71%	102%	NM	4%	14%	-41%	-60%
Opera Software ASA	NM	NM	49.8x	28.8x	229%	93%	232%	88%	45%	36%	46%	78%
BSQUARE Corp.	NM	1.1x	NM	NM	NM	NM	NM	NM	NM	NM	18%	-29%
Smith Micro Software Inc.	14.5x	NM	NM	NM	120%	63%	NM	29%	37%	20%	-20%	-34%
Infrared Inc.	14.1x	NM	12.2x	8.2x	64%	52%	64%	57%	41%	21%	-8%	-12%
Acrodea Inc.	27.5x	22.3x	NM	14.1x	NM	NM	NM	NM	NM	NM	-53%	-26%
Average	20.6x	16.9x	33.2x	22.2x	115%	75%	123%	81%	30%	24%	-5%	-13%

*All consensus numbers are from Capital IQ

Performance Parameters

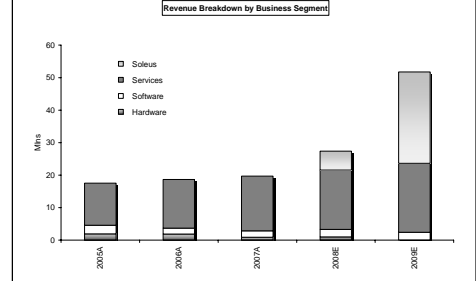


Intrinsic Software					
Discounted Cash Flow Analysis (FY-End Dec. US\$)	2007	2008	2009	2010	2011
Modeled Units Shipped	25,000	1550,000	7,500,000	10,000,000	11,250,000
Revenue (\$)	19,705,794	27,377,081	51,763,756	64,444,606	74,262,316
Revenue growth	6%	39%	89%	24%	15%
EBITDA (\$)	(14,455,074)	(10,703,351)	(2,881,660)	8,353,426	15,058,481
EBITDA Margin	-73%	-39%	-6%	13%	20%
Amortization (\$)	82,1282	669,448	577,414	654,752	706,10
EBIT (\$)	(15,276,356)	(11,372,799)	(3,459,074)	7,698,674	14,352,371
NOPAT [EBIT * (1 - effective tax rate)]	(15,565,689)	(11,417,792)	(3,459,074)	7,698,674	14,352,371
Plus Amortization (\$)	82,1282	669,448	577,414	654,752	706,10
Less Capital Expenditures (\$)	(575,046)	(682,879)	(828,220)	(773,299)	(891,148)
Capital Intensity	0	0	0	0	0
Net Working Capital Changes	471,143	(659,396)	3,429,236	(1359,564)	(439,710)
Terminal Value		269,314,965	269,314,965	269,314,965	
Equity Value		239,657,303	278,127,204	297,688,984	
DCF Value		133	155	165	

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

Source: Haywood Securities

Revenue Breakdown by Business Segment



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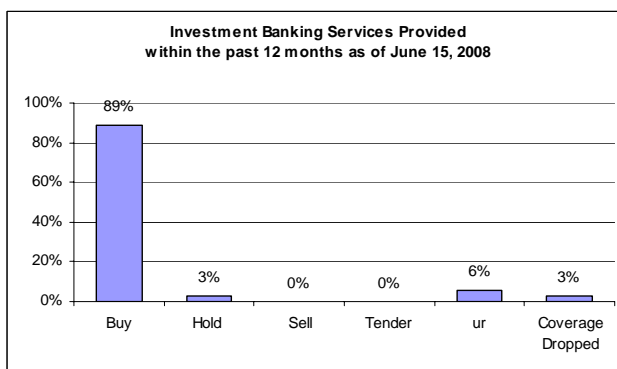
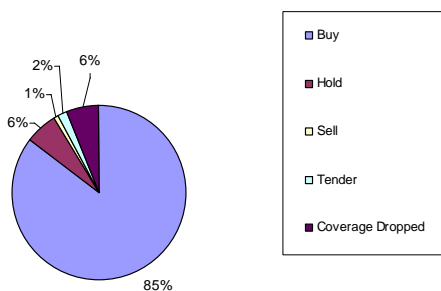
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