

October 10, 2008

Intrinsyc Software International Inc. (ICS-T, \$0.14)

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

Impact: Positive

Event: Shanghai RagenTek Launches First Soleus™-Powered Smartphone

- Shanghai RagenTek Communication Technology, a leading China-based GSM/GRPS and smartphone solution provider, launched a Soleus™-powered smartphone named Cronus in China.
- This represents the first Soleus™-based product launched by Intrinsyc's unnamed silicon vendor customer. Intrinsyc recently announced that a GPS handheld solution, the Mio Moov 380, was shipping in Taiwan. The Quanta Computer product remains on schedule for Q4/08, and the Samsung Semi products continue development.
- In addition to utilizing Intrinsyc's Soleus™ OS, Shanghai RagenTek has licensed Winwap Technologies' mobile internet browser and multimedia messaging software. This is RegenTek's first device that uses Winwap's software on the Windows CE-based Soleus™ platform; we expect more products to follow.

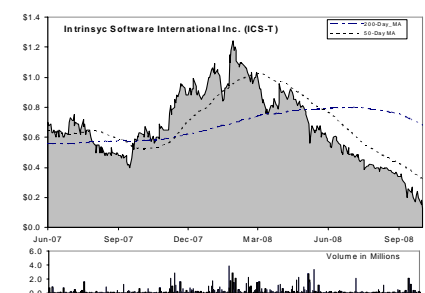
Implications: Positive; Intrinsyc can begin to generate royalty-revenues from a second Soleus™-based product. We expect revenues to be realized in Q4/08, with a ramp in early 2009. This product; coupled with the Mio, Quanta, Microstar 5608 and Samsung Semi products; positions Intrinsyc for strong growth potential when revenues are realized and ramp throughout late 2008 and 2009.

Valuation: From a valuation perspective, Intrinsyc is trading at a discount to the Haywood Global Software Universe based on our CY2009/CY2010 estimates (EV/Sales: '09: 0.1x versus 1.6x, '10: 0.1x versus 1.4x). Our DCF-based target of \$1.10 is based on a 10% discount rate and a terminal 10x EV/EBITDA multiple. We see the recent selloff as a prime buying opportunity for this quality company.

Last Research: September 23, 2008

Target Price	\$1.10	52-Week High / Low	\$1.30 / \$0.13
Current Price	\$0.14	Shares O/S	162 million (basic) 191 million (F/D)
Return (incl. dist'n)	686%	Market Capitalization	\$22.7 million
YTD Performance	-85%	Enterprise Value	\$1.2 million
Dividend / Yield	0.0%	Daily Volume (3 mo avg)	260K
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



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 191.0	Price Market Cap. (\$M):	\$0.14 \$23	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.	-	24	48	57	-	5	5	5	6	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)	0.0	(16.6)	(6.4)	12.3	19.8	(3.6)	(4.4)	(5.9)	(5.0)	(3.4)
3 months ago.	-	(16.3)	(4.4)	4.8	-	(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.	-	(0.11)	(0.04)	0.03	-	(0.03)	(0.03)	(0.03)	(0.02)	(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. (\$)	-	(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 *

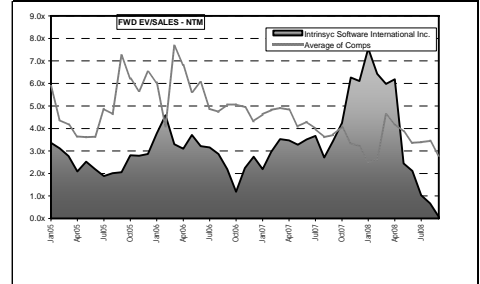
Valuation Metrics	2006	2007	2008	2009
EV/EBITDA - Current	NM	NM	NM	NM
Est. EV/EBITDA - Target			NM	14.6x
EV/SALES - Current	1.9x	NM	0.2x	0.1x
Est. EV/SALES - Target			7.2x	3.8x
Current, 1-Year, 2-Year				
DCF Target		\$1.01	\$1.10	\$1.21

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

Key Statistics

Price / Target / Return	\$0.14	\$1.10	685.7%
52wk Hi / Lo	\$1.30	\$0.13	
Shares O/S (mlns)		161.9	191.0
Basic / F.D.			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. mns)		0.0	0.26
Market Cap. / Enterprise Value (mlns)		22.7	1.2
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) Camlin Asset Management Limited			4.5%
2) IG Investment Management, Ltd.			2.6%
3) Gruber & McBaine Capital Management, LLC			1.1%
Ownership:			
Management Control (Proxy)	1.7 M		1.0%

Historical Valuation Parameters



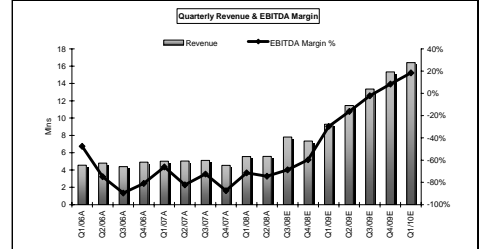
Comparables	Stock Price	Pot.	EV/Sales	EBITDA Margin	P/E	EV/EBITDA
	Today	Target	2008	2009	2008	2009
Intrinsic Software International Inc	0.14	1.10	686%	0.2x	0.1x	0.1x
Esmertec AG	6.01	10.00	66%	2.7x	2.1x	1.9x
Access Company, Ltd.	122,900	266,333	117%	0.9x	0.8x	0.6x
Opera Software ASA	13.05	23.50	80%	2.4x	1.7x	1.3x
BSQUARE Corp.	2.85	NM	NM	NM	NM	NM
Smith Micro Software Inc.	5.30	10.64	101%	1.4x	1.2x	1.0x
Infracore Inc.	11,700	25,000	114%	3.2x	2.4x	2.0x
Acrodea Inc.	137,800	491,000	256%	2.1x	1.5x	1.4x
Average			2.1x	1.6x	1.4x	1.7x 23% 19.1x 14.2x 11.5x 8.3x

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

Historical Valuation Parameters	EV/EBITDA	P/CF	EBITDA Growth	EPS Growth	Sales Growth	Returns %
3-Yr Avg.	NTM	TTM	2008	2009	2008	2009
Intrinsic Software International Inc	NM	NM	NM	NM	4%	-79%
Esmertec AG	5.2x	NM	42.9x	17.7x	189%	100%
Access Company, Ltd.	NM	17.3x	21.4x	17.3x	-32%	71%
Opera Software ASA	NM	NM	25.5x	15.2x	NM	82%
BSQUARE Corp.	NM	3.3x	NM	NM	NM	NM
Smith Micro Software Inc.	13.9x	NM	NM	NM	115%	56%
Infracore Inc.	14.1x	NM	11.7x	7.1x	42%	67%
Acrodea Inc.	NM	8.3x	11.4x	6.1x	NM	75%
Average	11.1x	9.7x	22.6x	12.7x	78%	75%

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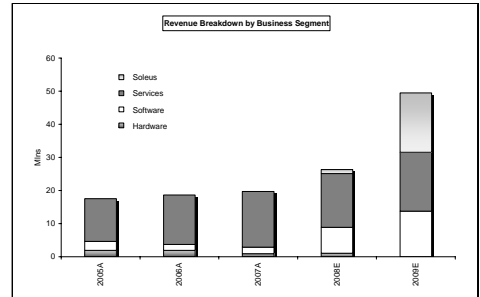
Performance Parameters



Intrinsic Software						
Discounted Cash Flow Analysis (FY-End Dec, US\$)	2007	2008	2009	2010	2011	
Modeled Units Shipped		25,000	32,500	47,812,500	9,375,000	12,687,500
Revenue (\$)		\$7,055,794	26,286,718	49,435,000	69,812,094	85,699,553
Revenue growth		2%	38%	88%	41%	23%
EBITDA (\$)		(\$4,344,798)	(7,296,226)	(3,628,451)	2,926,226	\$5,747,714
EBITDA Margin		-70%	-66%	-7%	19%	22%
Amortization (\$)		797,385	909,415	1,359,610	1,430,265	1,501,432
EBIT (\$)		(4,232,833)	(8,205,641)	(4,988,062)	1,495,961	7,073,282
NCPAT [EBIT * (1 - effective tax rate)]		(4,523,370)	(8,341,551)	(4,988,062)	1,495,961	7,073,282
Plus Amortization (\$)		797,385	909,415	1,359,610	1,430,265	1,501,432
Less Capital Expenditures (\$)		(662,912)	(861,999)	(790,960)	(837,745)	(1,028,395)
Capital Intensity		0	0	0	0	0
Net Working Capital Changes		303,368	3,333,784	3,609,342	(1,904,879)	
Terminal Value			25,084,322	25,084,322	25,084,322	
Equity Value			\$2,328,060	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.

Source: Haywood Securities, Capital IQ (* denotes Haywood covered companies)



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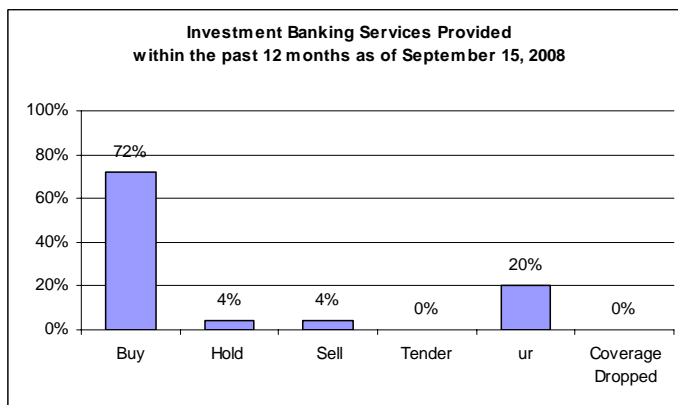
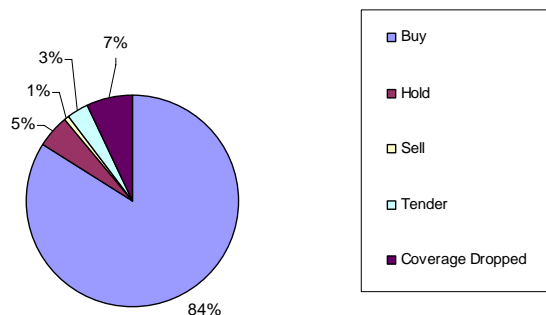
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