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INTRINSYC ANNOUNCES MERGER WITH ANNASOFT

Embedded Systems Conference, Chicago - March 31, 1998 – Intrinsic Software is pleased to announce that it has entered into an agreement to merge with Annasoft Systems. Annasoft is the world's leading supplier of Microsoft® operating systems to the embedded software market as well as being a value-added services provider to the industry. The combined company will be the only publicly traded company to offer a single source for Windows® CE® design solutions to original equipment manufacturers (OEMs) guaranteeing record time to market for new consumer and commercial electronics product designs.

Under the Agreement, Annasoft Systems, its sister company Annabooks, and Intrinsic Software, Inc. will all become operating subsidiaries of a single parent company. This merged entity, which the parties intend to register as "Intrinsic, Inc." will be headquartered in San Diego, California - an ideal location for market access. It will be incorporated under U.S. laws, and will continue to be listed on the VSE while preparation for a U.S. listing is undertaken.

Following completion of this transaction, the shareholders of Intrinsic Software, Inc. will hold approximately 54% of the outstanding shares of the parent company, subject to adjustment at the closing. Initially there will be 5 directors nominated for appointment: Derek Spratt, William Yu, and Ron Erickson from Intrinsic; Richard Eppel and John Choisser of Annasoft. It is anticipated that 2 additional directorship appointments will be made from industry in due course.

Mr. Richard C. Eppel, President of Annasoft Systems, will become the President & CEO of Intrinsic, Inc. Mr. Eppel has extensive experience in the OEM marketplace. He has served in executive management positions in the computer industry for the past thirty-five years with companies such as Control Data Corp, National Semiconductor, and I-Bus. As President of I-Bus, the world's first embedded PC company, he was instrumental in growing revenues over 25% per year compounded from approximately C\$10 million to C\$48 million during his tenure. For the past sixteen months Mr. Eppel has headed Annasoft Systems, transforming the business, which pioneered licensing of Microsoft operating systems in the embedded world, into the leading supplier of CE-based solutions.

Mr. Derek Spratt, Intrinsyc's current CEO, will become Executive Vice President of Business Development. He will continue to focus on building the corporate vision, capabilities and growth of Intrinsyc through acquisitions, joint ventures and strategic alliances. Mr. Spratt has a broad range of public company and technical leadership talents and experience that are well suited to the business opportunities at hand.

Annasoft is the leading licensing source of Microsoft operating systems to the embedded software market, including MS-DOS®, Windows 3.1®, Windows for Workgroups®, Windows 95®, Windows NT®, and Windows CE. The company also provides OEM's with design, development, and integration services, covering concept design to product manufacturing. These services include hardware design and packaging, driver development, application support, prototyping, pilot manufacturing as well as education, training and support. In addition to developing and marketing its own embedded Windows software products, Annasoft distributes a variety of third party products. Annabooks, a sister company, publishes a line of technical books and materials on embedded software and hardware technologies, provides workshops and advanced PC technologies, and produces the PC developers conferences and Expos in San Jose, Paris, and Taipei.

Annasoft Systems and Annabooks, founded in 1989, have a large customer base with reported annual (Feb 28/98) revenues of approximately C\$10 million (management stated) with strong growth projected in 1998. Together Annasoft Systems and Annabooks directly employ 20 marketing, sales and technical staff members in their San Diego offices, in addition to enjoying a close working relationship with a group of 30 subcontract developers who are under exclusive engagement for Windows CE systems integration work. Collectively with Intrinsyc, this brings more than 85 people together to offer OEMs a broad range of technologies and services for rapid embedded systems product development.

Derek Spratt stated, "Our companies both shared a common and strategic focus on Windows CE and it was a classic case of complementary fit. Annasoft has the best distribution, sales and systems integration reputation in the industry while we have industry leading products and technologies. Moreover, the companies have worked together for some time as partners in the embedded software market with synergies and corporate cultures that have proven to work exceptionally well together."

Richard Eppel added, “When you combine Annasoft Systems’ wide range of products and services for Microsoft-based embedded systems with Intrinsyc’s development tools and application components, you have a company that offers, by far, the broadest range of solutions and capabilities to OEMs. Having all these resources of technology and development available from one integrated source is of enormous benefit to companies developing new embedded systems. We can help them reduce their time to market significantly, thus increasing their chances of capturing profitable new market segments before their competitors”.

John T. Choisser, President and founder of Annabooks stated, “This merger will add to the relationship that currently exists between Annabooks, Annabooks Conferences, Annabooks University, and Annasoft. The combined entities will enhance our mission of reducing the development time of our customers by helping them find the technical solutions they need.”

This agreement requires the completion of financial audits and due diligence, the signing of a definitive purchase agreement, as well as regulatory and shareholder approvals.

Intrinsyc Software Inc. (VSE:ICS, NASDAQ:ISYRF) develops, markets, sells, and supports software tools and components for the development of Microsoft Windows-based embedded systems. These tools and components enable OEMs to rapidly develop software applications for a wide range of consumer and commercial electronics products that span multiple industries. For more information, contact Intrinsyc at info@intrinsyc.com or World Wide Web Page: <http://www.intrinsyc.com>.

On Behalf of the Board
Intrinsyc Software Inc.

Derek Spratt
President & CEO