
Intrinsyc Software International Inc.

ICS : TSX : C\$0.93

SPECULATIVE BUY**Target: C\$1.75****Peter Misek, CA, CPA, CFA** 1.416.869.7920

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Technology -- Software -- Software and Services**INTRINSYC ANNOUNCES JOINT DEVELOPMENT AGREEMENT WITH TIER ONE OEM****Event**

Intrinsyc announced it has signed a memorandum of understanding (MOU) with a tier one Japanese OEM of consumer electronics products. Intrinsyc along with the OEM will extend the Soleus platform to enable rich content for consumer electronic and wireless devices. Development will begin immediately and it is expected that a definitive agreement will be completed by April 2008.

Impact

Positive. Although the economics tied to this specific MOU are not expected to be material, we believe that the relationship with a major tier one OEM sets the stage for meaningful contributions to Intrinsyc's second half of 2008 and 2009 financials. The alliance is, in our view, a prelude to Soleus contract wins with this consumer electronics maker over the next 6-12 months. Additionally, the agreement should further cement Intrinsyc's status as a legitimate contender in the mobile OS market.

This development further reinforces our confidence in the company's products, management team and in our financial projections. Intrinsyc is currently trading at 10x our F09 EPS forecast of C\$0.09.

Action

Recent traction with Soleus, along with today's joint development agreement, strengthens our bullish outlook on Intrinsyc. We maintain our SPECULATIVE BUY recommendation and C\$1.75 target price, based on our DCF analysis.

Investment risks

The main risks to our outlook include the competitive environment intensifying, design wins take longer than expected to close, design wins to not translate into material revenue due to failed device launches, ESG division revenue erosion, and key management leaving the firm. Other risks include litigation, adverse F/X trends, slower-than-expected growth in the mobile device market, faster-than-expected ASP erosion at handset OEM/ODMs pressuring Intrinsic's ASPs down significantly, and broader macroeconomic forces impacting the market.

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Site Visit:

An analyst has visited Intrinsic's material operations in Vancouver, BC, Canada. No payment or reimbursement was received from the issuer for the related travel costs.

Price Chart:*



* Price charts assume event 1 indicates initiation of coverage or the beginning of the measurement period.

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Global Stock Ratings
(as of 1 November 2007)

Rating	Coverage Universe		IB Clients	
	#	%	#	%
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	523	100.0%		

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Canaccord Adams Research Disclosures as of 10 December 2007

Company	Disclosure
Intrinsic Software International Inc.	1A, 2, 3, 7

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