

Intrinsyc Software International Inc.

ICS : TSX : C\$0.94

SPECULATIVE BUY

Target: C\$1.60

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COMPANY STATISTICS:

52-week Range:	C\$0.39-1.18
Avg. Daily Vol. (000s):	154.4
Market Cap (M):	112.1
Shares Out (M) basic:	119.3
Shares Out (M) diluted:	119.3

EARNINGS SUMMARY:

FYE Aug	2005A	2006A	2007A	2008E	2009E
Revenue (M):	17.5	18.7	19.7	29.7	69.1
EV/Sales (x):	5.3	5.0	4.7	3.1	1.3
EPS:	(0.11)	(0.24)	(0.18)	(0.10)	0.09
P/E (x):	NM	NM	NM	NM	10.3

SHARE PRICE PERFORMANCE:



COMPANY SUMMARY:

Intrinsyc Software is a mobility software and services company, based in Vancouver, BC. The company's technologies and services enable companies to identify and create solutions to make mobile devices connect and work. Intrinsyc creates and licenses mobile and embedded software products to OEMs, as well as a suite of server-based interoperability solutions. Additionally, the company provides engineering services to support these products.

All amounts in C\$ unless otherwise noted.

Technology – Software – Software and Services

SAMSUNG LICENSES INTRINSYC

Event

Intrinsyc announced that Samsung Semiconductor System LSI Division has signed a licensing agreement for the Soleus software platform. Samsung will bundle Soleus with an application processor for its ODM and OEM customers. In addition to licensing the Soleus platform, Intrinsyc will provide technical support and engineering services for system integration. Intrinsyc expects that Samsung will begin shipping the bundled solutions in the second half of 2008.

Impact

Very positive. We believe that this agreement sets the stage for meaningful contributions to Intrinsyc's financials in the second half of 2008 and 2009. Samsung is a leading supplier to the mobile appliances industry that should help Intrinsyc reach a larger market of manufacturers. Intrinsyc also noted that it anticipates the relationship to evolve and expand throughout the global market. Additionally, we believe the agreement should further cement Intrinsyc's status as a legitimate contender in the mobile OS market and positions the company for further Soleus wins over the next 6-12 months.

This agreement with Samsung further reinforces our confidence in the company's products and management team and in our financial projections. Intrinsyc is currently trading at 10x our F2009 EPS forecast of C\$0.09.

Action

Recent traction with Soleus, along with today's licensing agreement with Samsung, strengthens our bullish outlook on Intrinsyc. We maintain our SPECULATIVE BUY recommendation and C\$1.60 target price, based on our DCF analysis.

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Investment risks

The main risks to our outlook include the competitive environment intensifying, design wins taking longer than expected to close, design wins not translating 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 Intrinsyc'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.

Distribution of Ratings:
Global Stock Ratings
(as of 2 January 2008)

Rating	Coverage Universe		IB Clients	
	#	%	#	%
Buy	294	61.8%	43.9%	
Speculative Buy	57	12.0%	70.2%	
Hold	112	23.5%	33.0%	
Sell	13	2.7%	0.0%	
	476	100.0%		

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BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.
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Company	Disclosure
Intrinsyc Software International Inc.	1A, 2, 3, 7

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