

July 16, 2008

Intrinsyc Software International Inc. (ICS-T, \$0.47)

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

Impact: Positive

Event: Intrinsyc and NAVTEQ Sign Map Distribution Agreement

- Intrinsyc Software has signed a data-distribution agreement with NAVTEQ for digital map content. The digital map content will be bundled with future versions of Soleus™ when their newly acquired Destinator GPS technology is integrated. Fundamentally, NAVTEQ and Intrinsyc have agreed to cross-sell their respective products.
- Financially, the map distribution agreement enables Intrinsyc to remain a mobile software company by only realizing revenue for the high-margin software business; NAVTEQ will book revenues from future contracts directly and will not use Intrinsyc as a middleman.
- We believe that the addition of GPS to future Soleus™ royalties from smartphones and mobile handheld devices has the potential to add US\$1.50 - US\$2.00 per unit; this is in addition to accretive contract opportunities acquired with the Destinator acquisition (LG, Motorola, ASUSTeK, Mio). We also note that Nokia recently closed their US\$8B acquisition of NAVTEQ.

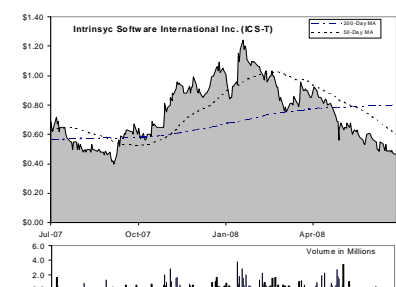
Implications: Positive; increases product visibility through cross-selling and accretive contract opportunities with Nokia, in addition to Destinator's contracts (LG, Motorola, ASUSTeK, Mio).

Valuation: From a valuation perspective, Intrinsyc is trading at a discount to the Haywood Global Mobility Software Universe based on our CY2009 estimates (EV/Sales: 1.1x versus 2.7x). 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 4.1x EV/Sales.

Last Research: July 10, 2008

Target Price	\$1.50	52-Week High / Low	\$1.30 / \$0.39
Current Price	\$0.47	Shares O/S	161.9 million (basic)
Return (incl. dist'n)	219%		191.0 million (F/D)
YTD Performance	-49%	Market Capitalization	\$76.1 million
Dividend / Yield	0.0%	Enterprise Value	\$49.4 million
		Daily Volume	
		(3 mo avg)	400K
Risk Profile:	High	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 - 6 of this report.





Intrinsic Software International Inc.	Ticker Shares O/S (M)	ICS-T 191.0	Price Market Cap. (\$M):	\$0.47 \$76	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. 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.

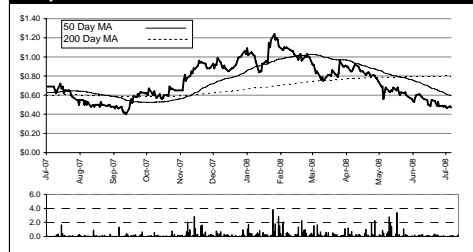
Recent Financings

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; Randy Kath, CTO

Intrinsic Software International Inc. - Chart



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	28.2	64.0	79.0	5.6	6.2	8.2	8.2	15.3
Rev. Growth %	-5%	-5%	55%	127%	24%	11%	33%	0%	86%	86%
Consensus Revenue Est. (\$mlns)	0.0	19.5	27.9	55.8	65.5	4.9	5.0	7.5	9.1	10.4
3 months ago.	-	20	23	47	57	5	5	5	6	8
EBITDA (\$mlns)	(14.8)	(16.6)	(20.3)	3.3	14.8	(3.7)	(3.9)	(6.7)	(6.0)	0.2
EBITDA Growth %	-	-12%	-22%	117%	342%	-5%	-73%	10%	103%	103%
Consensus EBITDA Est. (\$mlns)	0.0	(14.2)	(19.0)	(10.1)	1.2	(3.6)	(4.5)	(5.8)	(4.8)	(4.1)
3 months ago.	-	(14.2)	(14.4)	(0.3)	7.8	(3.6)	(4.5)	(5.8)	(4.8)	(4.1)
EPS (FD) (\$)	(0.24)	(0.16)	(0.16)	0.01	0.09	(0.03)	(0.03)	(0.05)	(0.05)	(0.00)
EPS Growth %	-	35%	-2%	105%	998%	-4%	-68%	7%	98%	98%
Consensus EPS Est. (\$)	-	(0.17)	(0.11)	(0.04)	0.01	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
3 months ago.	-	(0.17)	(0.10)	(0.00)	0.05	(0.03)	(0.03)	(0.03)	(0.02)	(0.01)
CFPS (FD) (\$)	(0.19)	(0.15)	(0.13)	0.07	0.11	(0.04)	(0.01)	(0.04)	(0.04)	(0.00)
CFPS Growth %	-	-20%	-15%	152%	63%	-	76%	-378%	11%	98%
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	20.1x
Est. EV/EBITDA - Target				NM
EV/SALES - Current	1.9x	NM	2.7x	1.1x
Est. EV/SALES - Target			9.7x	4.1x
Current, 1-Year, 2-Year DCF Target		\$1.49	\$1.58	\$1.70

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

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.	0.47	1.50	219%	2.7x	1.1x	0.7x	-72%	5%	NM	57.1x	NM	20.1x
Esmerlec AG	9.80	10.00	2%	4.3x	3.3x	2.9x	9%	13%	NM	NM	NM	25.4x
Access Company, Ltd.	174,000	381,667	119%	1.6x	1.4x	1.2x	6%	9%	NM	39.9x	25.4x	14.9x
Opera Software ASA	24.50	25.19	3%	5.4x	3.9x	3.0x	12%	18%	NM	35.2x	NM	22.3x
BSQUARE Corp.	4.20	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Smith Micro Software Inc.	6.32	13.79	118%	1.6x	1.4x	1.2x	16%	22%	9.9x	7.7x	10.2x	6.2x
Infracore Inc.	16,150	27,000	67%	4.3x	3.5x	3.1x	34%	42%	18.0x	11.5x	12.8x	8.4x
Acrodea Inc.	199,000	425,000	114%	NM	2.3x	1.9x	NM	0%	NM	NM	NM	NM
Average				3.5x	2.7x	2.2x	15%	17%	14.0x	23.6x	16.1x	15.4x

*All consensus numbers are from Capital IQ

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	Last 3mt	YTD
Intrinsic Software International Inc.	NM	NM	NM	4.2x	22%	-117%	-2%	105%	55%	127%	-46%	-49%
Esmerlec AG	NM	NM	NM	28.8x	189%	100%	89%	119%	26%	30%	21%	-11%
Access Company, Ltd.	26.4x	27.2x	32.1x	25.9x	-32%	71%	102%	NM	4%	14%	-40%	-66%
Opera Software ASA	NM	NM	NM	30.7x	220%	99%	230%	93%	45%	37%	61%	90%
BSQUARE Corp.	NM	1.1x	NM	NM	NM	NM	NM	NM	NM	NM	-9%	-38%
Smith Micro Software Inc.	14.5x	NM	NM	NM	120%	63%	NM	29%	37%	20%	-18%	-25%
Infracore Inc.	14.1x	NM	13.9x	9.4x	64%	52%	64%	57%	41%	21%	14%	1%
Acrodea Inc.	27.5x	22.3x	NM	11.0x	NM	NM	NM	NM	NM	NM	-62%	-42%
Average	20.6x	16.9x	23.0x	21.2x	112%	77%	121%	74%	31%	24%	-5%	-13%

*All consensus numbers are from Capital IQ

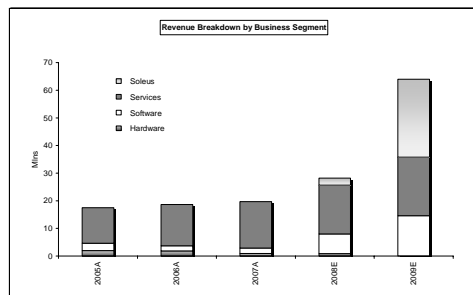
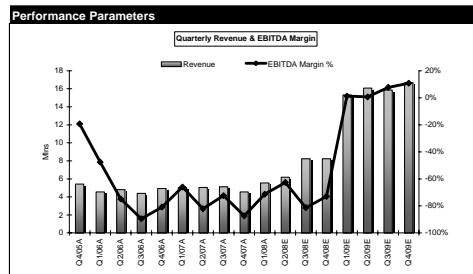
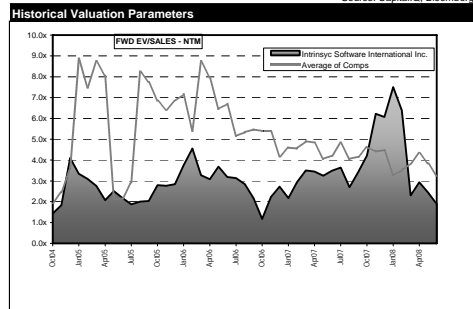
Intrinsic Software					
Discounted Cash Flow Analysis (FY-End Dec. US\$)	2007	2008	2009	2010	2011
Modeled Units Shipped	25,000	675,000	7,500,000	10,000,000	11,250,000
Revenue (\$)	19,705,794	28,888,280	63,955,155	79,035,002	87,876,002
Revenue growth	6%	43%	127%	24%	1%
EBITDA (\$)	(14,555,074)	(20,254,629)	3,349,025	14,791,936	17,455,080
EBITDA Margin	-73%	-72%	5%	19%	20%
Amortization (\$)	82,1282	1,567,704	2,774,889	2,899,786	2,979,386
EBIT (\$)	(15,276,356)	(21,822,332)	574,137	11,892,150	14,475,694
NCPAT [EBIT * (1 - effective tax rate)]	(15,565,689)	(21,868,580)	574,137	11,892,150	14,475,694
Plus Amortization (\$)	82,1282	1,567,704	2,774,889	2,899,786	2,979,386
Less Capital Expenditures (\$)	(575,046)	(899,103)	(1,023,282)	(948,420)	(1,054,512)
Capital Intensity	0	0	0	0	0
Net Working Capital Changes	471,113	1,290,692	3,826,040	(1,622,740)	347,466
Terminal Value		305,459,556	305,459,556	305,459,556	
Equity Value		268,987,300	302,218,717	324,841,710	
DCF Value		149	158	170	

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

Source: Haywood Securities

Key Statistics	\$0.47	\$1.50	219.1%
Price / Target / Return	\$0.47	\$1.50	219.1%
52wk Hi / Lo		\$1.30	\$0.39
Shares O/S (mlns)		161.9	191.0
Basic / F.D.			150.0
Cash Burn / Dividend Yield		1.2	0.0%
Short Interest / as % of Float		0.0	0.0%
Daily Volume (3-Mth. Avg. mlns)		0.0	0.40
Market Cap. / Enterprise Value (mlns)		76.1	49.4
Cash / Debt (mlns)		26.7	0.0
Net Cash / Share			\$0.16
Tang. Book Value / Share			\$0.25
Company CEO / Website	Glenda M. Dorchak		www.intrinsic.com
Top Holders:			
1) Carlin Asset Management Limited			2.8%
2) IG Investment Management, Ltd.			2.1%
3) Gruber & McBaine Capital Management, LLC			1.1%
Ownership:			
Management Control (Proxy)	1.7 M		1.0%

*Source: CapitalIQ, Bloomberg



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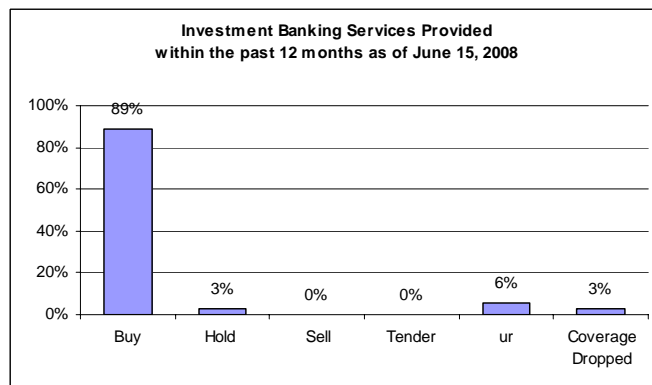
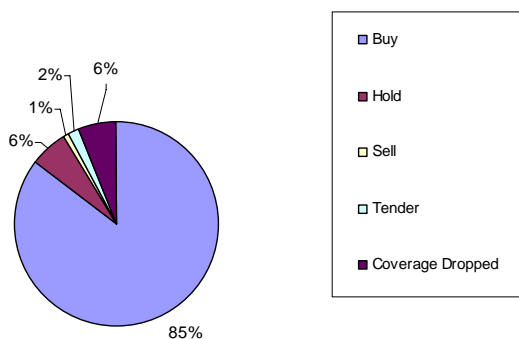
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