

June 12, 2008

Intrinsyc Software International Inc. (ICS-T, \$0.53)

Ralph Garcea, MBA, P. Eng (416-507-2609, rgarcea@haywood.com)

Kristian Bauer (416-507-2786, kbauer@haywood.com)

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

Impact: Positive

Event: MiTAC Launched First Soleus™ Device at Computex Taipei

- Soleus™ based Mio™ Moov380 Personal Navigation Device (PND) was launched at Computex in Taipei (June 3rd to 7th). The Mio™ Moov380 is the lightest professional PND; it includes a touch-based interface with full GSM 900/1800/1900 capabilities. The product will begin with shipments in Taiwan in June and other regions by Q3/08.
- Mio™ Moov380 is the first Soleus™-based product shipping from MiTAC International. We expect the MiTAC GPS device market to total ~10M units for 2008 and the Mio™ Moov380 to ship ~500K units. Follow this URL for details: www.mio.com/mio-technology-press-releases-MioLaunchestheirLightestConnectedPND.htm
- This is the first Soleus™ production launch; the MSI 5608™ is currently in carrier trials and should launch imminently.

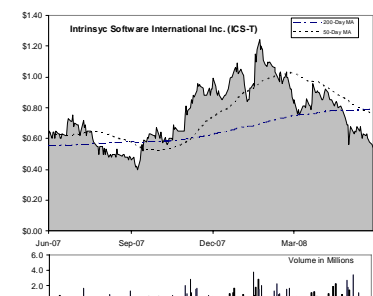
Implications: Positive; the product shipment increases visibility, Soleus™ marketability, and demonstrates the rapid development capability of the Soleus™ OS. Bringing the Mio™ Moov380 to the market will provide royalty revenue which strengthens future company financial results.

Valuation: From a valuation perspective, Intrinsyc is trading at a discount to the Haywood Global Software Universe based on our CY2009 estimates (EV/Sales: 1.2x 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 3.8x EV/Sales. To adhere with conservative accounting principles, we will not include the impact of Destinator on our estimates until the acquisition closes (mid-July).

Last Research: May 21, 2008

Target Price	\$1.50	52-Week High / Low	\$1.30 / \$0.39
Current Price	\$0.53	Shares O/S	150.9 million (basic)
Return (incl. dist'n)	183%		180.0 million (F/D)
YTD Performance	-42%	Market Capitalization	\$80.0 million
Dividend / Yield	0.0%	Enterprise Value	\$44.7 million
		Daily Volume	(3 mo avg)
Risk Profile:	Speculative		570K
Forecast Risk	High	Currency	C\$ unless noted
Financial Risk	High	Company Web Site	www.intrinsyc.com
Valuation Risk	High	CEO	Glenda M. Dorchak

Price Performance



Source: Bloomberg

Please see rating structure, important disclosures, risk profile parameters, disclaimers, and notes on pages 4 - 6 of this report.



Intrinsic Software International Inc.	Ticker Shares O/S (M)	ICS-T 180.0	Price Market Cap. (\$M):	\$0.53 \$80	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 should drive royalty revenues, license contracts.

Risks - Handset mfrs and OEMs decide not to go with Windows CE platform; slow shipments delay royalty stream.

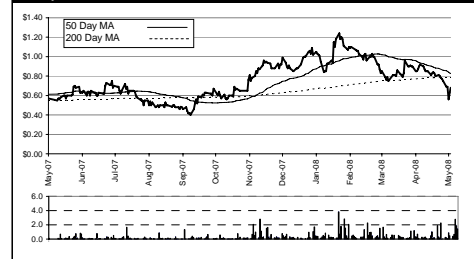
Recent Financings:

Equity Offering May 2007 - 33.3M @ \$0.60
Past Equity Offering March 2006 - 24.2M @ \$0.90

Management:

Glenda Dorchak, Chairman & CEO; George Reznik, CFO; Randy Kath, CTO

Intrinsic Software International Inc. - Chart



Financial Forecasts

FY-end Dec-31	Annual					Quarterly				
	2006A	2007A	2008E	2009E	2010E	Q3/2007A	Q4/2007A	Q1/2008A	Q2/2008E	Q3/2008E
Revenues (\$mlns)	19.7	18.2	27.4	51.8	64.4	5.1	4.5	5.6	6.2	6.8
Rev. Growth %	-8%	50%	89%	24%	-	-11%	22%	12%	9%	-
Consensus Revenue Est. (\$mlns)	nmf	19.5	23.7	45.2	56.4	5.1	4.3	5.4	5.8	5.8
3 months ago.	-	20	-	-	-	5	4	5	-	-
EBITDA (\$mlns)	(15.1)	(16.6)	(10.7)	(2.9)	8.4	(3.6)	(3.8)	(3.7)	(2.8)	(3.1)
EBITDA Growth %	10%	-36%	-73%	-390%	-	5%	-3%	-23%	8%	-
Consensus EBITDA Est. (\$mlns)	-	(14.2)	(14.4)	(3.9)	6.0	(3.7)	(4.0)	(3.7)	(3.7)	(3.5)
3 months ago.	-	(14.2)	-	-	-	(3.7)	(4.0)	(2.7)	-	-
EPS (FD) (\$)	(0.18)	(0.16)	(0.08)	(0.03)	0.06	(0.05)	(0.03)	(0.03)	(0.02)	(0.02)
EPS Growth %	-14%	-46%	-69%	-332%	-	-31%	-16%	-23%	6%	-
Consensus EPS Est. (\$)	-	(0.17)	(0.10)	(0.04)	0.04	(0.04)	(0.04)	(0.03)	(0.03)	(0.02)
3 months ago.	-	(0.17)	-	-	-	(0.04)	(0.04)	(0.03)	-	-
CFPS (FD) (\$)	-	-	(0.08)	0.00	0.07	(0.03)	(0.03)	(0.04)	(0.01)	(0.02)
CFPS Growth %	nmf	nmf	-104%	2135%	-	-7%	37%	-73%	125%	-
Consensus CFPS Est. (\$)	-	-	(0.08)	0.07	-	-	-	(0.01)	(0.02)	-
3 months ago.	-	-	-	-	-	-	-	(0.02)	-	-

*All consensus numbers are from Capital IQ

Key Statistics

Price / Target / Return	\$0.53	\$1.50	183.0%
52wk Hi / Lo		\$1.30	\$0.39
Shares O/S (mlns)			
Basic / F.D.		150.9	180.0
Float			147.2
Dividend Yield			0.0%
Short Interest / as % of Float		0.0	0.0%
Daily Volume (3-Mth. Avg. mlns)			0.57
Market Cap. / Enterprise Value (mlns)		80.0	44.7
Cash / Debt (mlns)		35.2	0.0
Net Cash / Share			\$0.23
Tang. Book Value / Share			\$0.17
Company CEO / Website	Glenda M. Dorchak		www.intrinsic.com
Top Holders:			
1) Carlin Asset Management Limited			3.8%
2) IG Investment Management, Ltd.			2.8%
3) Gruber & McBaine Capital Management, LLC			1.5%
Ownership:			
Management Control (Proxy)	1.7 M		1.1%

*Source: CapitalIQ, Bloomberg

Valuation Metrics

	2006	2007	2008	2009
EV/EBITDA - Current	NM	NM	NM	NM
Est. EV/EBITDA - Target				
EV/SALES - Current	1.9x	NM	2.4x	1.2x
Est. EV/SALES - Target			7.2x	3.8x
Current, 1-Year, 2-Year DCF Target		\$1.33	\$1.54	\$1.65

Analyst Ratings: Capital IQ

	Potential Upside
Average Target	\$1.23 132%
Median Target	\$1.25 136%
Sector Outperform	5
Sector Perform	0
Sector Underperform	0
# of Analysts	5

Comparables	Stock Price		Pot.	EV/Sales			EBITDA Margin		P/E		EV/EBITDA	
	Today	Target		Return	2008	2009	2010	2008	2009	2008	2009	2008
Intrinsic Software International Inc.	0.53	1.50	183%	2.4x	1.2x	0.9x	-39%	-6%	NM	NM	NM	NM
Esmertec AG	10.10	9.16	-9%	4.5x	3.5x	NM	9%	14%	NM	NM	NM	25.0x
Access Company, Ltd.	263,000	398,333	51%	2.7x	2.4x	2.0x	6%	9%	NM	NM	NM	25.1x
Opera Software ASA	24.50	22.50	-8%	5.4x	4.0x	3.2x	12%	17%	NM	36.5x	NM	23.0x
BSQUARE Corp.	4.64	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Smith Micro Software Inc.	7.02	13.79	96%	1.9x	1.6x	NM	16%	22%	11.0x	8.5x	11.5x	7.0x
Infracore Inc.	15,750	27,000	71%	4.2x	NM	NM	34%	NM	17.6x	NM	12.5x	NM
Troltech AS	16.00	13.50	-16%	2.6x	2.0x	1.7x	8%	18%	NM	19.4x	NM	10.8x
Average				3.5x	2.7x	2.3x	14%	16%	14.3x	21.5x	12.0x	18.2x

*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	2008	2009	Last 3mtd
Intrinsic Software International Inc.	NM	NM	NM	NM	-36%	-73%	46%	69%	50%	89%	-36%	-42%
Esmertec AG	NM	NM	NM	29.7x	196%	95%	92%	151%	24%	29%	13%	-8%
Access Company, Ltd.	22.4x	NM	48.5x	39.1x	-32%	71%	102%	NM	4%	14%	-15%	-48%
Opera Software ASA	NM	NM	NM	30.7x	218%	94%	220%	91%	45%	35%	73%	90%
BSQUARE Corp.	NM	0.1x	NM	NM	NM	NM	NM	NM	NM	NM	15%	-32%
Smith Micro Software Inc.	19.1x	NM	NM	NM	120%	63%	NM	29%	37%	20%	12%	-17%
Infracore Inc.	13.5x	NM	NM	NM	64%	NM	64%	NM	41%	NM	7%	-1%
Troltech AS	NM	NM	36.0x	14.0x	NM	195%	117%	NM	34%	31%	1%	59%
Average	18.3x	0.1x	42.2x	28.4x	113%	104%	119%	91%	31%	26%	15%	6%

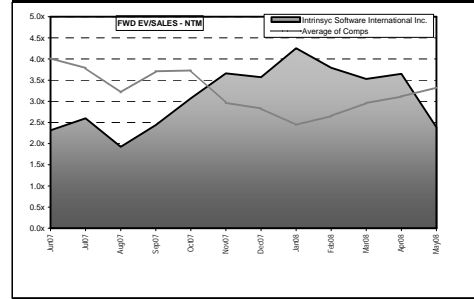
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	Intrinsic Software				
	2007	2008	2009	2010	2011
Discounted Cash Flow Analysis (FY-End Dec. US\$)					
Modeled Units Shipped	125,000	1550,000	7,500,000	10,000,000	11,250,000
Revenue (\$)	19,705,794	27,377,081	51,763,756	64,444,606	74,262,316
Revenue growth	6%	39%	89%	24%	15%
EBITDA (\$)	(14,455,074)	(10,703,351)	(2,881,660)	8,353,426	15,058,481
EBITDA Margin	-73%	-39%	-6%	13%	20%
Amortization (\$)	821,282	669,449	577,414	654,752	706,110
EBIT (\$)	(15,276,356)	(11,372,799)	(3,459,074)	7,698,674	14,352,371
NOPAT [EBIT * (1-effective taxrate)]	(15,565,689)	(11,417,792)	(3,459,074)	7,698,674	14,352,371
Plus Amortization (\$)	821,282	669,449	577,414	654,752	706,110
Less Capital Expenditures (\$)	(575,046)	(682,879)	(828,220)	(773,299)	(891,148)
Capital Intensity	0	0	0	0	0
Net Working Capital Changes	471,143	(659,396)	3,429,236	(1,359,564)	(439,710)
Terminal Value		269,314,965	269,314,965	269,314,965	
Equity Value		238,818,081	277,193,453	296,671,669	
DCF Value		133	154	165	

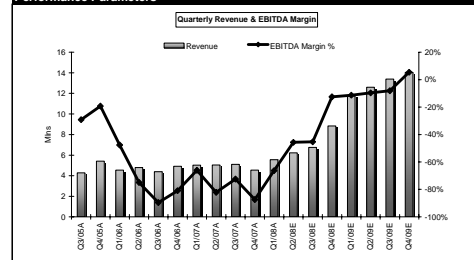
Source: Haywood Securities Inc., Company Reports, Target, Return and Forecasts are Consensus Based Using Capital IQ.

Source: MITAC

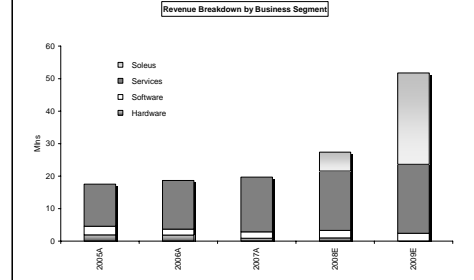
Historical Valuation Parameters



Performance Parameters



Revenue Breakdown by Business Segment



Ralph Garcea, MBA, P.ENG (416-507-2609, rgarcea@haywood.com)
Kristian Bauer (416-507-2786, kbauer@haywood.com)





The MiTAC Mio™ Moov 380, Picture & Specs



Display	4.3" TFT with touchscreen Flat Panel
Resolution	480 x 242 Pixels (WQVGA)
GPS Chipset	SiRFstarIII
Battery Capacity	720 mAh
CPU	Samsung 2443—400Mhz
Built-in Speaker	Yes
TTS	Varies by regions
TMC	No
Dimension (W x H x D)	129 mm x 78mm x 12.3mm (5" x 3" x 0.5")
Weight	164 g
SiRFInstantFixII	Yes
Operating System	Win CE .Net 5 (Soleus)
Display Orientation	Landscape
Network	GSM 900/1800/1900
SIM Card Slot	Yes
USB	Yes, V2.0
Memory Slot	MicroSD
Microphone	Yes
Earphone Jack	Yes (2.5 mm)
Navigation Software	MioMap 2008

Source: Company Information/Websites





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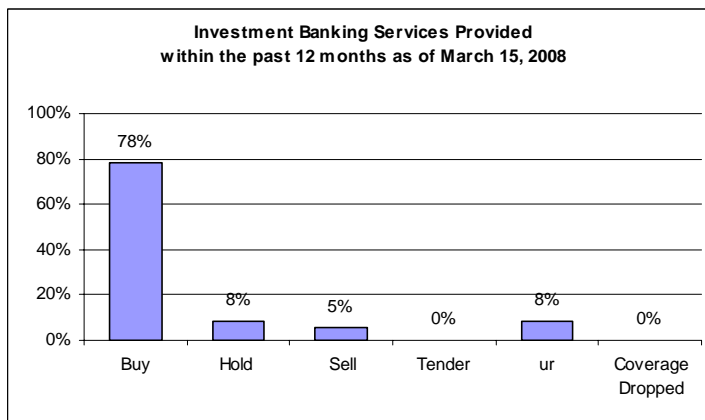
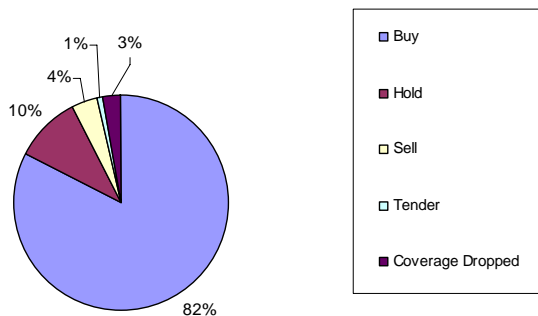
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