

**Intrinsyc Software Int'l Inc. (ICS-T, \$0.18)** *Thursday, November 13, 2008*

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

Rating: **SECTOR OUTPERFORM**  
 Target Price: **\$1.10**  
 Return: **529%**  
 YTD Performance: **-81%**  
 Risk Profile: **SPECULATIVE**

**Q** The third SLA of the year, we expect one more. Intrinsyc gains geographic exposure and has leveraged a Destinator customer for this SLA, demonstrating the leverage of the acquisition through the Soleus™ Transit solution.

**Soleus™ Transit SLA with GPS-E (3 Down, 1 To Go)**

**Event:** Intrinsyc announced a software license agreement (SLA) with GPS Technologies (GPS-E) for its Soleus™ Transit product.

**Impact - Positive:** The third SLA of the year increases revenue visibility in 2009 and demonstrates the leverage of the Destinator acquisition.

- **Forecasts, Target Price, Ratings** – Unchanged, SECTOR OUTPERFORM rating and \$1.10 target.

**Issues:**

- **3<sup>rd</sup> SLA of 2008, 1 More to Go**  
 Intrinsyc signed its third SLA of the year; financial details were not disclosed but we expect more details to be available on the Company's Q3/08 conference call. Intrinsyc Software reports its Q3/08 financial results Friday, November 14, 2008; see page 2 for financial expectations.
- **Soleus™ Transit Debuts as a Low Cost All-In-One Solution**  
 Soleus™ Transit is the new operating system (OS) from Intrinsyc that is the combination of its original Soleus™ OS and the Destinator GPS software. This all-in-one solution enables GPS-E to provide a personal navigation device (PND) with full telephony functionality.
- **GPS-E Expands Intrinsyc's Market Penetration Internationally**  
 Intrinsyc has leveraged a Destinator customer (GPS-E) to a Soleus™ SLA, showing the leverage of the acquisition. GPS-E creates PND's for the U.S., EMEA and the Asia Pacific markets (SiRF and Win CE-based), expanding Intrinsyc's geographic dist'n. For more info on GPS-E, go to [www.gps-e.com](http://www.gps-e.com).

**Valuation:** From a valuation perspective, Intrinsyc is trading at a discount to the Haywood Global Mobility Software Universe based on our CY2009/CY2010 estimates (EV/Sales: 2009: 0.2x versus 1.7x, 2010: 0.2x versus 1.4x). Our DCF-based target of \$1.10 is based on a 10% discount rate and a terminal 10x EV/EBITDA multiple.

**Catalysts:** 1) *Software License Agreements* – Soleus™ contracts, notably a tier-one manufacturer, should increase revenue visibility and expectations; 2) *Royalty Generation* – We expect Soleus™ royalties to begin in Q3/08; 3) *Product Visibility* – Soleus™ product launches should drive future signings (min. of one/qtr).

**Investment Brief:** *Soleus™ is a comprehensive software platform (based on Windows CE), whose modular architecture speeds up the development process, provides a reusable platform, allows a higher degree of customization, and lowers the manufacturer's bill of materials (BOM).*

Forecast Risk **High**  
 Financial Risk **High**  
 Valuation Risk **High**  
 52-Week High / Low **\$1.30/\$0.12**  
 Dividend / Yield **N/A**  
 Shares O/S **161.9M (basic) / 191.0M (F/D)**  
 Market Capitalization **\$28.3M**  
 Daily Volume **320K**

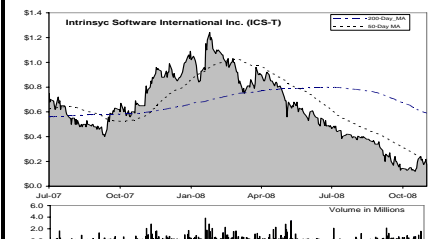
Financial Forecasts			
CY Est.	2008E	2009E	2010E
Revenues (\$mlns)	26.3	49.4	69.8
EBITDA (\$mlns)	(17.3)	(3.6)	12.9
EPS (FD) (\$)	(0.12)	(0.04)	0.06
CFPS (FD) (\$)	(0.11)	(0.02)	0.08

Valuation			
	2008E	2009E	2010E
P/E	NM	NM	3.0x
EV/SALES	0.5x	0.2x	0.2x
EV/EBITDA	NM	NM	.9x
DCF	\$1.02	\$1.11	\$1.22

**Company Profile** - [www.intrinsyc.com](http://www.intrinsyc.com)  
 Intrinsyc is a leader in software and services that enable next-generation handheld and embedded products, including mobile handsets, smart phones and converged devices. Intrinsyc is a Microsoft Windows Embedded Gold Partner, the 2007 Windows Embedded Excellence Award winner for System Integrator, and a Symbian Platinum Partner.

Company CEO - Glenda M. Dorchak  
 Revisions, Date of Record  
 Rating - Unchanged.  
 Target - down from \$1.50, Sep 23, 2008.

**Price Performance**





**Intrinsic Software International Inc.** Ticker: **Shares O/S (M)** ICS-T: **191.0** Price: **\$0.18** Market Cap. (\$M): **\$28** Rating: **Sector Outperform** Target: **\$1.10**

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.

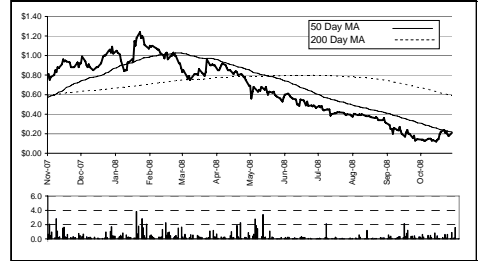
**Recent Financings:**

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; Tracy Rees, COO

**Intrinsic Software International Inc. - Chart**



**Financial Forecasts (USD\$)**

FY-end Dec-31	Annual				Quarterly					
	2007A	2008E	2009E	2010E	Q1/2008A	Q2/2008A	Q3/2008E	Q4/2008E	Q1/2009E	
Revenues (\$mlns)	18.2	26.3	49.4	69.8	85.7	5.6	5.6	7.8	7.3	9.3
Rev. Growth %		44%	88%	41%	23%		0%	40%	-6%	27%
Consensus Revenue Est. (\$mlns)		26.2	42.3	56.0	72.2	4.0	4.4	6.5	6.8	8.1
3 months ago.		23	46	53	-	4	4	7	7	8
EBITDA (\$mlns)	(16.6)	(17.3)	(3.6)	12.9	18.6	(3.7)	(3.9)	(5.4)	(4.4)	(2.8)
EBITDA Growth %		-4%	79%	456%	44%		-5%	-39%	18%	37%
Consensus EBITDA Est. (\$mlns)		(14.0)	(6.1)	5.9	16.1	(2.9)	(3.6)	(4.8)	(4.0)	(3.0)
3 months ago.		(14.9)	(8.0)	1.2	-	(2.9)	(3.6)	(4.8)	(4.0)	(3.0)
EPS (FD) (\$)	(0.16)	(0.12)	(0.04)	0.06	0.09	(0.03)	(0.03)	(0.04)	(0.03)	(0.02)
EPS Growth %		24%	68%	253%	56%		4%	-32%	16%	31%
Consensus EPS Est. (\$)		(0.11)	(0.05)	0.01	0.08	(0.02)	(0.02)	(0.03)	(0.03)	(0.02)
3 months ago.		(0.10)	(0.04)	0.01	-	(0.02)	(0.02)	(0.03)	(0.02)	(0.02)
CFPS (FD) (\$)	(0.15)	(0.11)	(0.02)	0.08	0.12	(0.04)	(0.01)	(0.03)	(0.03)	(0.02)
CFPS Growth %		-30%	79%	475%	46%		60%	-132%	20%	36%
Consensus CFPS Est. (\$)		(0.09)	(0.02)	0.07	0.10	(0.02)	(0.01)	(0.03)	(0.03)	(0.02)
3 months ago.		(0.07)	-	0.06	-	(0.02)	(0.01)	(0.02)	-	-

\*All consensus numbers are from Capital IQ, covered companies are denoted by \*

Valuation Metrics	2006	2007	2008	2009
EV/EBITDA - Current	NM	NM	NM	NM
Est. EV/EBITDA - Target			NM	14.6x
EV/SALES - Current	1.9x	NM	0.5x	0.2x
Est. EV/SALES - Target			7.2x	3.8x
Current, 1-Year, 2-Year				
DCF Target		\$1.02	\$1.11	\$1.22

Analyst Ratings: Capital IQ	Potential Upside
Average Target	\$0.74
Median Target	\$0.70
Sector Outperform	6
Sector Perform	0
Sector Underperform	0
# of Analysts	6

\*Source: CapitalIQ, Bloomberg

Comparables	Stock Price		Pot.	EV/Sales		EBITDA Margin		P/E		EV/EBITDA	
	Today	Target		2008	2009	2008	2009	2008	2009	2008	2009
*Intrinsic Software International Inc	0.18	1.10	529%	0.5x	0.2x	0.2x	-66%	-7%	NM	NM	NM
Esmertec AG	7.00	10.00	43%	3.2x	2.5x	2.2x	9%	13%	NM	NM	18.8x
Access Company, Ltd.	145,500	266,333	83%	1.2x	1.1x	0.9x	6%	10%	NM	30.5x	18.7x
Opera Software ASA	15.00	21.94	46%	2.8x	2.0x	1.5x	14%	19%	33.3x	19.4x	19.5x
BSQUARE Corp.	2.94	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Smith Micro Software Inc.	5.87	8.44	44%	1.5x	1.3x	1.3x	17%	19%	9.7x	8.4x	9.0x
Infrared Inc.	8,490	25,000	194%	2.2x	1.7x	1.4x	30%	39%	10.3x	5.9x	7.3x
Acrodea Inc.	130,000	491,000	278%	2.0x	1.4x	0.9x	28%	36%	22.1x	12.6x	6.9x
Average				2.2x	1.7x	1.4x	18%	23%	18.9x	15.3x	12.3x

\*All consensus numbers are from Capital IQ, covered companies are denoted by \*

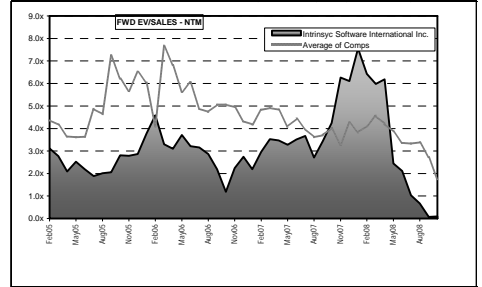
Historical Valuation Parameters	EV/EBITDA		P/CF		EBITDA Growth		EPS Growth		Sales Growth		Returns %	
	3-Yr Avg.	NTM	TTM	2008	2009	2008	2009	2008	2009	2008	2009	Last 3mtd
*Intrinsic Software International Inc	NM	NM	NM	NM	4%	-79%	24%	68%	44%	88%	-53%	-81%
Esmertec AG	4.5x	NM	50.0x	20.6x	189%	100%	89%	119%	26%	30%	-30%	-36%
Access Company, Ltd.	NM	6.9x	24.6x	16.0x	-32%	71%	103%	NM	4%	13%	-14%	-71%
Opera Software ASA	NM	NM	28.2x	16.9x	NM	80%	NM	72%	47%	37%	-32%	16%
BSQUARE Corp.	NM	4.0x	NM	NM	NM	NM	NM	NM	NM	NM	-25%	-57%
Smith Micro Software Inc.	13.1x	NM	NM	NM	128%	29%	NM	16%	37%	16%	-24%	-31%
Infrared Inc.	13.7x	NM	8.5x	5.2x	42%	67%	51%	76%	36%	30%	-50%	-47%
Acrodea Inc.	NM	16.0x	10.7x	5.7x	NM	75%	NM	76%	NM	37%	-16%	-62%
Average	10.4x	8.9x	24.4x	12.9x	82%	70%	81%	72%	30%	27%	-27%	-41%

\*All consensus numbers are from Capital IQ, covered companies are denoted by \*

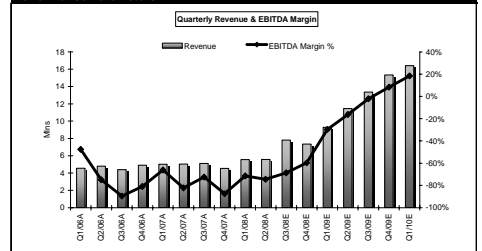
**Key Statistics**

Price / Target / Return	\$0.18	\$1.10	528.6%
52wk Hi / Lo	\$1.30	\$0.12	
Shares O/S (mlns)		161.9	191.0
Basic / F.D.			150.2
Cash Burn (mths) / Dividend Yield		1.3	0.0
Short Interest / as % of Float		0.0	0.0
Daily Volume (3-Mh. Avg. mlns)			0.32
Market Cap. / Enterprise Value (mlns)	28.3	6.9	
Cash / Debt (mlns)	21.5	0.0	
Cash / Shr & Net Cash / Shr	\$0.13	\$0.13	
Tang. Book Value / Share		\$0.23	
Company CEO / Website	Glenda M. Dorchak	www.intrinsic.com	
<b>Top Holders:</b>			
1) IG Investment Management, Ltd.		10.1%	
2) Camlin Asset Management Limited		3.9%	
3) Sprott Asset Management Inc.		1.8%	
<b>Ownership:</b>			
Management Control (Proxy)	1.7 M	1.0%	

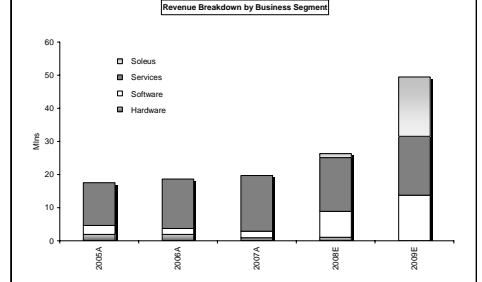
**Historical Valuation Parameters**



**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)

Source: Haywood Securities, Capital IQ (\* Haywood Covered Company)





## Distribution

This report may only be distributed to non-institutional US clients in the following states: Delaware, Georgia, Hawaii, Iowa, Idaho, Indiana, Kansas, Louisiana, Maryland, Maine, Minnesota, Missouri, New York, Oklahoma, Pennsylvania, South Carolina, South Dakota, Virgin Islands, Vermont, and Washington.

## Analyst Certification

I, Ralph Garcea, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

## Important Disclosures

This report is prepared by Haywood Securities Inc. for use by Haywood Securities Inc., Haywood Securities (USA) Inc. and Haywood Securities (UK) Limited and their clients. Haywood Securities Inc. is a Canadian registered broker-dealer and a member of the Investment Industry Regulatory Organization of Canada, the Toronto Stock Exchange, the Toronto Venture Exchange and the Canadian Investor Protection Fund. Haywood Securities (USA) Inc. is a wholly owned subsidiary of Haywood Securities Inc., registered with the U.S. Securities and Exchange Commission, and is a member of FINRA and the Securities Investor Protection Corporation (SIPC).

Haywood Securities, Inc., and Haywood Securities (USA) Inc. do have officers in common however, none of those common officers affect or control the ratings given a specific issuer or which issuer will be the subject of Research coverage. In addition, the firm does maintain and enforce written policies and procedures reasonably designed to prevent influence on the activities of affiliated analysts.

Haywood analysts are salaried employees who may receive a performance bonus that may be derived, in part, from corporate finance income.

### Of the companies included in the report the following Important Disclosures apply:

- The Analyst(s) preparing this report (or a member of the Analysts' households) have a financial interest in Intrinsyc Software International (ICS-T).
- As of the end of the month immediately preceding this publication either Haywood Securities, Inc., its officers or directors beneficially owned 1% or more of Intrinsyc Software International (ICS-T).
- Haywood Securities, Inc. or an Affiliate has managed or co-managed a public offering of securities for Intrinsyc Software International (ICS-T) in the last 12 months.

Other material conflict of interest of the research analyst of which the research analyst or member knows or has reason to know at the time of publication or at the time of public appearance:

- n/a

## Rating Structure

*Each company within analyst's universe, or group of companies covered, is assigned a rating to represent how the analyst feels the stock will perform in comparison with the other companies, in that specific sector, over the upcoming 12 month period.*

**SECTOR OUTPERFORM** – Haywood's top rating category. The analyst believes that the security will outperform its sector. Furthermore, the shares are forecast to provide attractive returns measured against alternative investments when considering risk profiles. The rating carries a minimum total return threshold of 15% for equities and 12% for trusts. The rating applies to companies that have tangible underlying assets that give a measure of support to the market valuation. The rating category considers both the absolute and relative values in assigning the highest rating on the security.

**SECTOR PERFORM** – The analyst believes that the security will trade with tight correlation to its underlying sector. Furthermore, the target price (together with any anticipated distributions) is at or above the market price, and forecast risk-adjusted returns are attractive relative to alternative investments.





**SECTOR UNDERPERFORM** – Investors are advised to sell the security or hold alternative securities within the sector. Stocks in this category are expected to underperform relative to their sector. The category also represents stocks with unattractive forecast returns relative to alternative investments.

*The above ratings are determined by the analyst at the time of publication. On occasion, total returns may fall outside of the ranges due to market price movements and/or short term volatility. At the discretion of Haywood’s Management, these deviations may be permitted after careful consideration*

### Other Ratings

**TENDER** – The analyst is recommending that investors tender to a specific offering for the company’s stock.

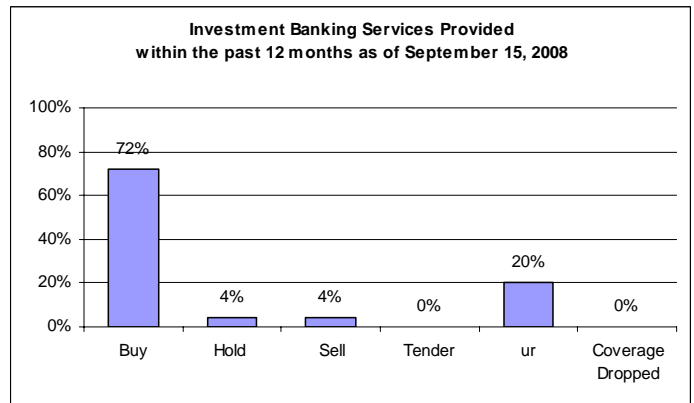
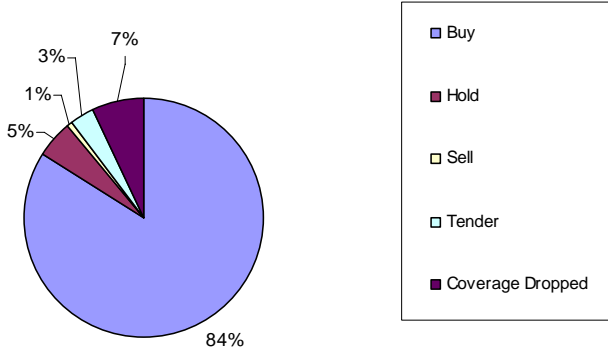
**RESEARCH COMMENT** – An analyst comment about an issuer event that does not include a rating or recommendation.

**UNDER REVIEW** – Placing a stock Under Review does not revise the current rating or recommendation of the analyst. A stock will be placed Under Review when the relevant company has a significant material event with further information pending or to be announced. An analyst will place a stock Under Review while he/she awaits sufficient information to re-evaluation the company’s financial situation.

**COVERAGE DROPPED** – Haywood Securities will no longer cover the issuer. Haywood will provide notice to clients whenever coverage of an issuer is discontinued.

*\* Haywood’s current rating structure (outlined above) does not correlate to the 3-tiered BUY, HOLD, SELL structure required by FINRA. Our ratings of Sector Outperform, Sector Perform and Sector Underperform most closely correspond to Buy, Hold/Neutral and Sell respectively however, as described above, our assigned ratings take into account the relevant sector.*

Rating Distribution June 15, 2008 - September 15, 2008



*Haywood's focus is to search for undervalued companies which analysts believe may achieve attractive risk-adjusted returns. This research coverage on potentially undervalued companies may result in an outweighed percentage of companies rated as Sector Outperform. Management regularly reviews rating and targets in all sectors to ensure fairness and accuracy.*

For further information on Haywood Securities’ research dissemination policies, please visit:

[http://www.haywood.com/research\\_dissemination.asp](http://www.haywood.com/research_dissemination.asp)

### Risk Profile Parameters

**SPECULATIVE:** – Investment for risk accounts only. Companies within this category carry greater financial and/or execution risk. All junior/venture companies that carry great financial and/or liquidity risk will be tagged “SPECULATIVE”. A stock indicating a SPECULATIVE risk is determined from sector specific criteria outlined below listed below.





## Risk Profile Parameters – Technology/Special Situations

**Forecast Risk:** *High* – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Sales are minimally visible. *Moderate* – Haywood forecasts are generally in line with guidance and sales are moderately visible. The Company has a history of meeting or exceeding guidance. *Low* – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance and its sales are highly visible.

**Financial Risk:** *High* – The business plan is not fully funded but requires debt and/or equity financing. This categorization does not necessarily predict whether the additional funds will be raised. Inventory turnover is low, cash flow is weak, and assets are below par. *Moderate* – The business plan is fully funded. Inventory turnover and cash flow are moderate, and assets are reasonably liquid. The Company's debt is rated below investment grade. *Low* – The Company is fully funded with investment grade debt, high inventory turnover, high cash flow, and superior assets.

**Valuation Risk:** *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. Where applicable, the DCF valuation is not more than 10% above the current equity valuation. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. Where applicable, the DCF valuation exceeds the current capitalization by more than 10%. *Low* – The current valuation is at the low end of historic ranges and at a discount to peer valuations. Where applicable, the DCF valuation exceeds the current capitalization by more than 20%.

## Disclaimers

Estimates and projections contained herein, whether or not our own, are based on assumptions that we believe to be reasonable. The information presented, while obtained from sources we believe reliable, is checked but not guaranteed against errors or omissions.

Haywood Securities Inc., its subsidiaries and their respective officers, directors, and employees may hold positions in the securities mentioned and may purchase and/or sell them from time to time.

Haywood Securities, or certain of its affiliated companies, may from time to time receive a portion of commissions or other fees derived from the trading or financings conducted by other affiliated companies in the covered security.

This report is neither a solicitation for the purchase of securities nor an offer of securities. Our ratings are intended only for clients of Haywood Securities Inc. Haywood Securities (USA) Inc., and those of Haywood Securities (UK) Limited and such clients are cautioned to consult the respective firm prior to purchasing or selling any security recommended or views contained in this report. Haywood Securities (UK) Limited ("HSUK") is a wholly owned subsidiary of Haywood Securities Inc. authorized and regulated in the UK by the Financial Services Authority as a stock broker and investment adviser and is a member of the London Stock Exchange.

This report has been approved by HSUK for the purposes of section 21 of the UK's Financial Services and Markets Act 2000. If you wish to contact HSUK please email D. Kim Gorius at kgorius@haywood.com.

If you are a UK resident private customer your attention is drawn to the risk warnings set out below:

Haywood Securities Inc or its subsidiaries or respective officers, directors or employees have or may have a material interest in the securities to which this report relates.

Past performance should not be seen as an indication of future performance. The investments to which this report relates can fluctuate in value and accordingly you are not certain to make a profit on any investment: you could make a loss.

Changes in the rates of exchange between currencies may cause the value of your investment to fluctuate.

If you are a UK resident private customer and you propose to do business with Haywood Securities Inc, please take note of the following:

Any investment services undertaken on your behalf by Haywood Securities Inc are not covered by the rules and regulations made for the protection of private investors in the UK. This means that you will not have the benefit of rights designed to protect investors under the Financial Services and Markets Act 2000 and under the rules of the Financial Services Authority ("FSA"). In particular, you will not benefit from the following UK protections:

(a) the right to claim through the UK's Financial Services Compensation Scheme for losses resulting in the unlikely event of our default;

(b) in the event of a dispute, access to the UK's Financial Ombudsman Service;

(c) protection of money held on your behalf under the FSA's Client Money Rules.

