

INTRINSYC SOFTWARE INTERNATIONAL INC.

Equity Research | Technology

Ticker

Recommendation

12-month Target

Please see important disclosures at the end of this document

TSX:ICS
\$0.48

SPEC. BUY
(unchanged)

\$1.75
(unchanged)

Intrinsyc Software Secures Design Win For The Soleus Platform

March 28, 2007

Market Data

52-week High-Low	\$1.45-0.335
Shares Outstanding	
– Basic	83.0 million
– Fully diluted	108.2 million
Market Capitalization	\$51.5 million
Cash and Securities ¹	\$9.2 million
Total Debt ¹	\$0.0 million
Fiscal Year End	August 31
Major shareholders	Insiders: 1%
	Institutions: 6%

Financial Data

(000, except EPS)	FY06A	FY07E	FY08E
Revenue	\$18,658	\$20,700	\$27,886
Gross Margin	39.3%	46.6%	54.8%
Net Income	(\$16,393)	(\$15,176)	(\$11,530)
EPS – fully diluted	(\$0.24)	(\$0.18)	(\$0.14)

¹As at Nov 30, 2006

Investor Risk Tolerance Scale



Company Description

Intrinsyc Software International Inc. is a mobility software and services company. The Company's principal business units are the Customer Programs group and the Mobile Products Group. The Customer Programs team develops mobility solutions for a variety of operating systems. The Mobile Products Group is charged with bringing Soleus and other forward-looking opportunities to market.

Event

Intrinsyc Software International Inc. ("Intrinsyc" or the "Company") announced that it has entered into an agreement with an unnamed global manufacturer of personal navigation and handheld devices to license the *Soleus* software platform for the development of GPS-enabled mobile phones.

Highlights

First Soleus OEM is a key milestone. Intrinsyc investors have been anxiously awaiting the announcement of a production product using the *Soleus* platform developed by Intrinsyc for handheld devices. Version 1.0 of *Soleus* was released to production in December of 2006; we had estimated the selling cycle to be 6-12 months. As management had been actively selling since the fall, with a beta version of *Soleus* in hand, the timing of this announcement is well within the window we had expected.

The *Soleus* platform is a mobile handset software solution built on Microsoft Windows Embedded CE, designed specifically to address the consumer handheld device opportunity.

The unnamed OEM licensee will use the *Soleus* development platform to integrate telephony features in its personal navigation products along with consumer-driven features, including cameras and media players. Given the amount of time that management has spent in Asia recently, along with the opening of a Taiwan office, we would venture to guess that the OEM is Taiwan-based.

Following a marketing test period, volume shipments will begin late in 2007 or early in 2008.

The announcement signals the evolution of Intrinsyc's business to include licensing revenues from *Soleus* licensees and royalty revenues as customers begin product shipments.

Investment Conclusion

We continue to recommend Intrinsyc as a SPECULATIVE BUY with a 12-month target of \$1.75. Licensing *Soleus* to a major OEM in the personal navigation segment is an important milestone toward Intrinsyc's future as a leading supplier of wireless software solutions. We expect to see the full impact of this announcement by late 2007 into early 2008.

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