

INTRINSYC SOFTWARE INTERNATIONAL INC.

Equity Research | Technology

Ticker

Recommendation

12-month Target

Please see important disclosures at the end of this document

TSX: ICS
\$0.38

SPEC. BUY
(unchanged)

\$1.75
(unchanged)

Q4 And Fiscal Year End Review

November 9, 2006

Market Data

52-week High-Low	\$1.49 - \$0.335
Shares Outstanding	
– Basic	83.0 million
– Fully diluted	108.2 million
Market Capitalization	\$31.5 million
Cash and Securities ¹	\$22.5 million
Total Debt ¹	\$8.0 million
Fiscal Year End	August 31
Major shareholders	Insiders: 1%
	Institutions: 6%

Financial Data

(000, except EPS)	FY05A	FY06A	FY07E
Revenue	\$17,539	\$23,355	\$28,870
Gross Margin	48%	39%	50%
Net Income	(\$4,980)	(16,393)	(\$11,640)
EPS – fully diluted	(\$0.09)	(\$0.24)	(\$0.11)

¹As at Aug 31, 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 released Q4-06 and fiscal year end results yesterday.

Highlights

Revenue: Q4-06 revenues of \$4.9 million were slightly above our estimate of \$4.8 million, as some revenues held back in Q3 due to collectibility concerns were recognized in Q4.

Cost of Sales was significantly lower than we expected, as the costs of the delayed revenue were previously recognized in Q3-06. Higher levels of Software sales also contributed to higher margins. Gross Margin of 46.7% exceeded our estimate of 35%.

Net Loss for Q4-06 was \$4.4 million (or \$0.05 per diluted share), greater than our estimated net loss of \$3.9 million (or \$0.05 per diluted share). The company spent about \$0.5 million more on Soleus R&D (\$3.6 million total) than we had anticipated.

Cash. The Company used approximately \$3.5 million in cash during the quarter, and has \$22.5 million cash in hand offset by \$8 million of debt. The Company announced last night that it intendeds to repay the debt early, which will leave the Company with about \$14.5 million in cash, or enough for 3-4 more quarters.

Upcoming Milestones

- We are expecting the majority of announcements over the next few months to be around *Soleus*, as the Company will release version 1.0 of *Soleus* in December 2006.
- Intrinsyc has signed 1 software license agreements (SLA) to date with (Wistron Corporation), and two MOUs. More license agreements are expected to be signed in the coming months.
- Shipping of Handsets with Soleus should begin in early to mid 2007, with a major ramp up in the 2nd half of 2007.

Investment Conclusion

We continue to recommend Intrinsyc as a SPECULATIVE BUY with a 12-month target of \$1.75. The Company's *Soleus* project fills a clear need in the cell-phone handset market, and we expect that it will gain market traction in 2007.

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IMPORTANT DISCLOSURES

November 9, 2006

Analyst/Company	Ticker	Ex	Rating	Price Target	Last Price	Market Cap (millions)	Shares o/s (millions)	Previous Volume	52 Week		Applicable Disclosures
									High	Low	
Oil and Gas											
Tim Murray, CFA 403-313-5983											
Gentry Resources Ltd.	GNV	T	Buy	\$7.00	\$4.59	\$177	38.6	46,150	\$6.75	\$4.25	8
Endev Energy Inc.	ENE	T	StrB	\$2.25	\$1.35	\$120	88.9	31,767	\$2.30	\$1.21	8
Grand Banks Energy Corp.	GBE	V	Buy	\$2.20	\$1.68	\$50	29.8	13,900	\$2.19	\$1.48	8
Trafalgar Energy Ltd.	TFL	T	Buy	\$4.80	\$4.10	\$46	11.3	22,214	\$4.60	\$3.27	8
AltaCanada Energy Corp.	ANG	V	Buy	\$0.75	\$0.55	\$33	60.4	60,000	\$0.89	\$0.47	8
Vero Energy Inc.	VRO	T	REVIEW	REVIEW	\$5.30	\$137	25.9	80,557	\$7.18	\$4.02	
Bulldog Resources Inc.	BD	T	REVIEW	REVIEW	\$4.41	\$110	25.0	54,125	\$4.50	\$1.02	
Choice Resources Corp.	CZE	V	REVIEW	REVIEW	\$0.65	\$44	67.6	228,901	\$1.24	\$0.58	
The Buffalo Oil Corp.	BFO	V	REVIEW	REVIEW	\$1.78	\$32	17.8	95,719	\$2.15	\$1.40	1
Metals and Mining											
Jeremy Link, M.Eng 416-644-8133											
Khan Resources Inc.	KRI	T	SpecB	\$2.70	\$2.79	\$114	41.0	270,450	\$3.08	\$1.11	
Acero-Martin Explorations Inc.	ASD	V	SpecB	\$1.06	\$0.68	\$26	38.1	145,600	\$1.33	\$0.42	
Mediterranean Resources Ltd.	MNR	V	SpecB	\$0.87	\$0.35	\$14	39.3	716,524	\$0.57	\$0.20	1,2
Constellation Copper Corp.	CCU	T	REVIEW	REVIEW	\$1.90	\$319	168.1	475,130	\$3.02	\$1.06	1
Froneira Copper Corp.	FCC	T	REVIEW	REVIEW	\$4.84	\$234	48.4	90,850	\$5.75	\$1.93	
Acadian Gold Corp.	ADA	V	REVIEW	REVIEW	\$0.68	\$62	91.8	2,497,540	\$0.75	\$0.20	1
International PBX Ventures Ltd.	PBX	V	REVIEW	REVIEW	\$0.39	\$20	50.6	115,434	\$0.82	\$0.37	
Forest Gate Resources Ltd.	FGT	V	REVIEW	REVIEW	\$0.16	\$13	81.7	319,000	\$0.48	\$0.15	1
Zaruma Resources Inc.	ZMR	T	REVIEW	REVIEW	\$0.12	\$11	93.8	48,000	\$0.24	\$0.06	1
Energy Services											
Marcel Brichon, CFA, FCSI, 604-668-1888											
Divestco Inc.	DVT	T	StrB	\$10.00	\$3.65	\$125	34.2	342,484	\$7.00	\$2.43	1,8
Pulse Data Inc.	PSD	T	Hold	\$2.80	\$2.52	\$119	47.4	111,517	\$3.39	\$2.10	8
BlueGrouse Seismic Solutions Ltd.	BGH	V	SpecB	\$4.25	\$1.66	\$23	13.8	8,300	\$2.90	\$1.25	8
Kelman Technologies Inc.	KTI	T	SpecB	\$0.60	\$0.26	\$11	41.6	32,600	\$0.57	\$0.21	
Dalmac Energy Inc.	DAL	V	StrB	\$2.25	\$0.63	\$8	12.4	1,000	\$1.60	\$0.50	8
Special Situations											
Marcel Brichon, CFA, FCSI, 604-668-1888											
Carmanah Technologies Corp.	CMH	T	Buy	\$3.50	\$3.35	\$141	42.2	25,893	\$4.19	\$2.55	8
Wellpoint Systems Inc.	WPS	V	StrB	\$1.11	\$0.37	\$13	35.2	41,500	\$0.69	\$0.23	1,2,8
AccelRate Power Systems Inc.	APS	V	Hold	\$0.45	\$0.25	\$6	25.3	83,500	\$1.15	\$0.20	8
International Technologies Corp.	ITI	V	StrB	\$1.20	\$0.37	\$6	17.0	800	\$0.62	\$0.33	
Brill, MBA, CFA, 416-644-8164											
Stella-Jones Inc.	SJ	T	Buy	\$29.40	\$27.50	\$338	12.3	3,225	\$29.00	\$11.55	8
Altus Group Income Fund	AIF-U	T	REVIEW	REVIEW	\$11.21	\$118	10.5	9,211	\$15.90	\$10.01	7,8
Century II Holdings	CH	T	StrB	\$9.25	\$6.38	\$73	11.4	7,200	\$8.43	\$3.25	6,7
Automated Benefits Corp.	AUT	V	SpecB	\$0.90	\$0.20	\$18	88.0	99,500	\$0.57	\$0.20	1,7,8
Retail & Consumer Products											
Sarah C. Alemao, 416-644-8179											
MEGA Brands Inc.	MB	T	StrB	\$33.00	\$25.60	\$825	32.2	24,161	\$29.75	\$20.25	8
Le Chateau Inc.	CTU/A	T	Buy	\$46.00	\$41.80	\$259	6.2	400	\$59.40	\$36.00	8
La Senza Corp.	LSZ	T	StrB	\$38.00	\$32.10	\$449	14.0	8,560	\$32.99	\$17.80	8
Hart Stores Inc.	HIS	T	Buy	\$5.60	\$5.45	\$74	13.5	300	\$5.88	\$3.46	8
West 49 Inc.	WXX	T	Hold	\$1.25	\$0.86	\$54	63.1	83,980	\$1.90	\$0.81	1,8
Brick Brewing Co. Ltd.	BRB	T	Hold	\$2.30	\$2.28	\$51	22.4	2,950	\$2.55	\$2.05	8
Liquidation World Inc.	LQW	T	Buy	\$7.80	\$7.25	\$60	8.3	7,880	\$7.45	\$2.80	
Technology											
Dennis dos Santos, P. Eng, MBA, 416-644-8124											
DALSA Corp.	DSA	T	StrB	\$20.00	\$12.01	\$227	18.9	204,255	\$16.34	\$11.50	8
Absolute Software Corp.	ABT	T	Hold	\$6.50	\$7.89	\$175	22.2	91,420	\$7.90	\$2.63	
Intrinsyc Software International Inc.	ICS	T	SpecB	\$1.75	\$0.38	\$32	83.0	92,020	\$1.49	\$0.34	
Route1 Inc.	ROI	V	SpecB	\$0.30	\$0.13	\$22	176.4	559,700	\$0.35	\$0.07	8
The Medipattern Corp.	MKI	V	SpecB	\$1.40	\$0.40	\$15	37.5	5,000	\$0.78	\$0.40	8
Comnetix Inc.	CXI	T	SpecB	\$2.25	\$0.50	\$7	14.7	6,600	\$2.15	\$0.45	8
Massimo Voci, 416-644-8129											
Sylogist Ltd.	SYZ	V	SpecB	\$3.40	\$1.70	\$31	18.0	16,000	\$2.20	\$1.37	8

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Investment Opinion Definition

- STRONG BUY:** NSI expects the share price to appreciate 30% or more over the next 12 months.
BUY: NSI expects the share price to appreciate 10% to 30% over the next 12 months.
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