Technology Triple Play

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Three Speculative, but Promising, Technology Companies

Event:

- Initiating coverage of three emerging technology companies.

Highlights:

- **CometiX Inc.** (SPECULATIVE BUY, 12-month target $2.25) is an established vendor of identification processing software to local, state and federal police forces. The Company is expanding into the growing market for non-criminal identity verification. Recent C-level turnover in the executive suite caused the share price to plummet; we believe the Company remains operationally sound and that the share price will recover once the management situation is definitively resolved.

ComnetiX Inc.	TSX:CXI
52 Week High-Low	$3.15-$0.80
Current Price	$1.05
Shares outstanding	14.7 million
FD Shares outstanding	17.2 million
Market capitalization	$15.4 million
Fiscal year end	August 31
Recommendation	Speculative Buy
12-Month Target	$2.25

- **Intrinsyc Software International Inc.** (SPECULATIVE BUY, 12-month target $1.75) has developed a new operating system for the feature phone market. The *Soleus* product creates a cost-and-time-effective alternative to the usual handset maker's in-house development efforts. *Soleus* is the first product in the feature phone space to be based on Microsoft's Windows CE, enabling handset makers to use the full array of Microsoft tools in their development. By 2009, the feature phone market is expected to nearly double in sales from 500+ million units this year to more than 900 million. Modest acceptance of *Soleus* should translate to explosive growth for Intrinsyc.

Intrinsyc Software International Inc.	TSX:ICS
52 Week High-Low	$1.49-$0.57
Current Price	$0.89
Shares outstanding	83.0 million
FD Shares outstanding	101.2 million
Market capitalization	$73.9 million
Fiscal year end	August 31
Recommendation	Speculative Buy
12-Month Target	$1.75

- **Route1 Inc.** (SPECULATIVE BUY, 12-month target $0.30) is a developer of innovative solutions for secure remote computing. The Company's new MobiKey product solves many of the issues that organizations have faced in enabling personnel in the field to access office computing facilities. The Company is currently in trials with several firms (including Northern Securities). If Route**1** can achieve its plan, we believe that buyers of the shares today will be well rewarded.

Route1 Inc.	TSXV:ROI
52 Week High-Low	$0.61-$0.12
Current Price	$0.15
Shares outstanding	176.7 million
FD Shares outstanding	236.8 million
Market capitalization	$26.5 million
Fiscal year end	December 31
Recommendation	Speculative Buy
12-Month Target	$0.30

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.
HOLD:	NSI expects the share price to appreciate 10% or less over the next 12 months.
SELL:	NSI expects the share price to have a negative rate of return over the next 12 months.
SPECULATIVE BUY:	NSI expects the share price to appreciate substantially over the next 12 months, but with a high level of inherent risk.

Note: Percentages are approximate and ratings are at the analyst's discretion.

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Executive Summary

With this report, we are initiating coverage of three emerging companies offering products and services in the Technology sector. Our view is that corporations have under-invested in new technologies over the last few years, resulting in pent-up demand for new solutions and services. This creates opportunity for newer, innovative companies as the latent demand converts to active purchasing. Among the companies covered in this report are ComnetiX Inc. (TSX:CXI $1.05), Intrinsyc Software International Inc. (TSX:ICS $0.89) and Route**1** Inc. (TSXV:ROI $0.15).

At the height of the "tech bubble" the low cost of capital and high rewards for Initial Public Offerings resulted in the funding of a great number of technology ventures. While many of these ventures amounted to the tech equivalent of a "dry hole", some of them continued developing their businesses outside of the limelight. Other technology companies that may have been in business for longer periods went public post-2000 without the fanfare of the late 1990's era. The net result has been a crop of relatively unknown public companies with desirable technologies and potentially explosive markets, each of which is poised for launch.

From the public markets' perspective investor interest in the tech sector has waned since the bursting of the bubble. This is understandable. After all, why bother trying to comprehend the TLA's (Three-Letter Acronyms) endemic to technology when plays in the resource sector could deliver huge returns with little work? With commodity prices seeming to have paused in their vertical ascent, we believe that investors can earn outsized returns by paying close attention to the smaller capitalization names in the tech universe, some of whom may grow into significant companies. Learning from history can be instructive. Would anyone have predicted in 2000 that, just a few years later, RIM would have a larger market capitalization than Nortel?

Over the past 2-3 years, many forward-looking technology projects were sidelined due to company decisions to build cash balances in the face of economic uncertainty and rising commodity prices. At this juncture, capital spending constraints are likely to be loosened and new projects developed. Given the substantial return on investment possible from deploying technology projects, we believe that new solutions will be high on the priority list for incremental capital dollars. From an investment perspective, those firms that deliver products or services to improve (1) employee productivity, (2) asset utilization, (3) public safety, and (4) operational convenience, stand to benefit from new spending in technology.

Our view is that the ability to exploit technology in new and unique ways has created significant growth opportunities for small, innovative firms. Our formal coverage universe includes ComnetiX Inc. (SPECULATIVE BUY rated, $2.25 target), Intrinsyc Software International Inc. (SPECULATIVE BUY rated, $1.75 target) and Route**1** Inc. (SPECULATIVE BUY rated, $0.30). While small, each of these companies has potentially explosive growth ahead of it. Two of the companies mentioned use technology to solve real-world problems. The other, ComnetiX, offers compelling security technology that fills the growing need for identity verification.

For investors prepared to be patient and accept the inherent risks, we believe that substantial returns are possible over 12 to 24 month time horizons for the companies mentioned in this report.

Investment Highlights

Networks Applications Continue To Grow In Both Kind And Magnitude. Lower costs and more consistent performance from both wireless and wired networks are enabling new kinds of applications both within and beyond the cell phone.

The Lack Of Large Incumbents Creates Opportunities For Newer Companies. While large OEMs such as Nortel (NT-TSX, $3.56) and Nokia (NOK-NYSE, US$21.28) dominate the markets for basic infrastructure, the markets being pursued by our subject companies are still open to small, innovative companies. None of the large technology OEMs "owns" any of the markets we will address in this report.

Growth Drivers From The Past Should Continue To Drive Future Growth. Factors that have driven technology adoption by users in the past have been (1) productivity improvements, (2) better asset utilization, (3) improved operational convenience, and (4) safety, whether product, employee or public. We believe that these remain the key drivers for further adoption of new technologies.

There Are Common Critical Success Factors For Small Companies In This Space. The six habits of highly successful technology innovators are: (1) a technology that is materially different from current solutions, (2) a focus on vertical markets, (3) access to capital, (4) ability to develop partnerships, (5) no major incumbent competitor, and (6) a potentially large market. The companies mentioned in this report meet these criteria.

There Are Significant Investment Risks Associated With Early-Stage Technology Companies

Standards. Many of the target markets are still in their early stages and lack firmly established standards. Companies hoping to capitalize on emerging opportunities must follow industry dynamics and consequently must provide, on a timely basis, product offerings that are technologically reliable and that meet these shifting industry requirements.

R&D Risk. For emerging markets, companies need to anticipate market needs and design their products accordingly. The process of bringing a product from concept to production involves many separate events, from initial design to design-for-manufacturing to after-sales support. At any point along the process, market needs may not be properly anticipated with the result that the product may "miss the mark" and require re-engineering on an accelerated timeline. Companies need substantial resources in both cash and R&D personnel in order to react to unanticipated developments.

Market Development Risk. Many of the most promising markets for newer technologies are potentially very large, though small at present. In many instances, current demand is largely for pilot projects and system evaluations. Should these projects not deliver the anticipated returns, it is highly likely that the markets will not develop as anticipated.

Dependence On Key Personnel. The success of most early-stage technology companies depends upon their ability to attract and retain employees who have special knowledge with respect to designing, developing, manufacturing and marketing their specific products. The loss of key personnel could have a material adverse effect on an individual company's operations and business prospects.

Intrinsyc Software International, Inc. is a mobility software and services company. The Company's principal business units are Mobile Software Products (MSP) and Mobile and Embedded Solutions (MES). The MSP group is responsible for the development of the *Soleus* feature phone operating system and the MES group provides systems integration services to handset manufacturers

Intrinsyc Software International Inc.

TSX: ICS

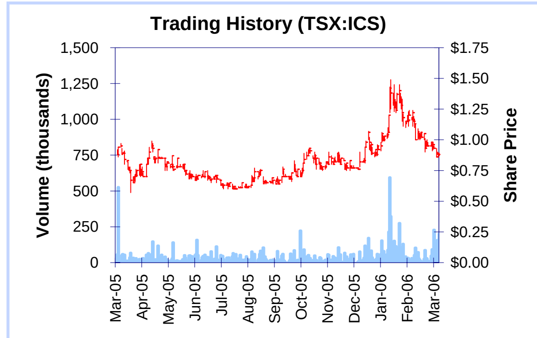
Price: **$0.89**

Recommendation: **Speculative Buy**

12-Month Target: **$1.75**

Plenty of Intrinsyc Value

52-week high/low	$1.49-$0.57
Shares outstanding	83.0 million
FD Shares outstanding	101.2 million
Market capitalization	$73.9 million
Fiscal year end	August 31



Source: Bloomberg

(000, except EPS)	F2005	F2006E	F2007E	F2008E
Sales	$17,539	$19,882	$28,749	$47,689
Gross margin	$8,458	$8,782	$14,375	$28,613
Gross margin	*48%*	*44%*	*50%*	*60%*
EBITDA	($3,809)	($8,962)	($8,468)	($888)
Net earnings (loss)	($4,980)	($10,957)	($10,206)	($2,265)
EPS (basic)	($0.09)	($0.17)	($0.13)	($0.03)
EPS (FD)	($0.08)	($0.15)	($0.10)	($0.02)

Highlights

- The cell phone market is characterized by intense competition and shortening product cycles. Consumer tastes are fragmenting, with individuals looking for particular combinations of features from their phones.
- Up until now, the software platforms of the handset manufacturers were largely developed in-house; more fully-featured models have been built on platforms such as Windows CE and Symbian.
- With the increasing pace of market changes, handset builders need to look outside their own R&D groups for platform software, as the internal groups cannot be built quickly enough to capitalize on opportunities. Stepping into this breach is Intrinsyc Software with its just-launched *Soleus* product, a derivative of Windows CE for the mid-range handset market.
- The Company's current revenues are mostly from consulting work; even modest acceptance of *Soleus* will drive revenues from the $16 million range to in excess of $50 million over the next two years.

Investment Opinion

Building on the technical skills developed through its legacy consulting and contract engineering work, Intrinsyc has developed its *Soleus* product as a potential standard platform for feature phone developers. With annual unit sales of feature phones expected to nearly double over the next few years, Intrinsyc could experience explosive growth as handset makers adopt *Soleus* in large numbers. The Company is still early stage; we believe that moderate success in obtaining design-ins for *Soleus* could cause the share price to more than double. **We are initiating coverage of Intrinsyc with a SPECULATIVE BUY rating and a 12-month target price of $1.75.**

Table 4: Recent Developments

March 23, 2006	Announced private placement of units for total gross proceeds of approximately $21,780,000. The Units were priced at $0.90 per Unit. Each Unit is comprised of one common share and one-half common share purchase warrant (a "Warrant") exercisable into one common share at a price of $1.05 per share for a period of 4 years from the date of the closing of the private placement.
February 13, 2006	Announced the commercial availability of *Soleus* (code name Polaris), at 3GSM World Conference in Barcelona, Spain.
December 19, 2005	Thomas Bitove joined the board of directors.
December 6, 2005	Announced first partner for low-cost feature phone software development, Enfora LP.

November 16, 2005	Announced preview of Polaris. A software development kit (SDK) for Polaris was shipped to a select group of silicon vendors, original equipment manufacturers (OEMs), original design manufacturers (ODMs), independent software vendors (ISVs) and network operators.
October 4, 2005	Announced closing of $8,000,000 debenture financing with Wellington Financial Fund II. The debentures mature October 3, 2007, have an annual interest rate of 12.5% and are secured by a charge over all of the assets of Intrinsyc and its subsidiaries. The net proceeds were approximately $7,000,000 after fees and expenses. In addition, Intrinsyc issued Wellington Financial 3,870,968 special warrants. Each special warrant entitles the holder to purchase one common share of Intrinsyc at an exercise price of $0.62 per share at any time prior to October 3, 2010. As part of the financing, Intrinsyc agreed to appoint Mark McQueen, President and Chief Executive Officer of Wellington Financial LP, to its Board of Directors.

Source: Company reports

Company Overview

Intrinsyc Software is an emerging provider of platform products for the growing "feature phone" cell phone market. The Company also offers engineering systems integration services to (i) handset manufacturers such as Nokia, Motorola, and Samsung, (ii) silicon vendors to the mobile handset OEMs such as Texas Instruments, Freescale, Agere and Intel, and (iii) the smart phone operating system divisions of major software vendors including Microsoft and Symbian. The Company currently has about 200 employees, 70% of whom are engineering or development.

The Company started (in 1996) by offering contract engineering assistance to partners in the mobile and embedded solutions space. Virtually all of the Company's current revenues are generated by this activity. Since 2004, the Company's strategic business initiatives have focused on creating the world's leading alternative feature phone operating system based on Microsoft Windows CE. The purpose of this initiative is to deliver licensable software and tool extensions to help mobile phone manufacturers more efficiently design and deliver cost-effective handsets.

Intrinsyc's offerings feed into the growing movement by large OEMs to "outsource" significant portions of their development activities. This movement is largely the result of pressures to get new products to market as quickly as possible, at the lowest possible cost. The net result is that OEMs increasingly look to customizable off-the-shelf products as components of their overall product design, rather than custom solutions built in-house.

On February 13 of this year, Intrinsyc commercially launched its *Soleus* alternative feature phone operating system at the 3GSM World Congress in Barcelona, Spain – the cell phone industry's most important annual conference. At the show, the Company demonstrated *Soleus* alongside a number of semiconductor partners, including Agere, Freescale, Intel and TI. The Company also announced its first customer MOU, with Taiwan's Wistron Corporation.

The revenue model for *Soleus* is designed to provide stable growth for Intrinsyc. The Company charges an initial license fee for access to the software and then obtains royalties from each unit with *Soleus* sold by the OEM. We believe that royalties are likely to be in the low single-digit range. The Company usually also receives a fee for modifying *Soleus* to fit a particular customer's needs.

With *Soleus* now entering the commercialization stage, revenues are expected to grow substantially, perhaps as early as calendar Q4 of this year. In the meantime, the MES division continues to grow, albeit at a more constrained pace limited by the availability of engineering talent.

Intrinsyc is headquartered in Vancouver, Canada with additional regional development offices in Bellevue, Washington, Birmingham, UK and Barbados.

Products

The Company's Mobile and Embedded Solutions ("MES") group, located in Vancouver, Canada, performs Intrinsyc's systems integration services. This division has been the foundation of the Company since 1997, and virtually all of the Company's current revenues are generated by the approximately 80 engineers in the group. In the process of creating customized solutions, the MES group developed strong relationships with many potential customers and partners in the cell phone industry, including chip vendors, software suppliers and OEM/ODMs.

In 2004, the Company created its Mobile Software Products ("MSP") group for the development of the just-released *Soleus* feature phone software product. This group was established in and remains located in Bellevue, Washington in order to be near Microsoft's Redmond, Washington campus. *Soleus* is the first operating platform based on Microsoft's Windows CE that is small enough, cheap enough and flexible enough to be economic in the feature phone market. Customer relationships developed by the MES group ease the sales process for the MSP group.

Go-to-Market Strategy

Intrinsyc's go-to-market strategy is to target the following channels of distribution: (i) Semiconductor and platform software vendors as partners, (ii) handset manufacturers, both OEM and ODM, (iii) wireless carriers, and (iv) third-party application providers.

In terms of geography, the Company is likely to find the lowest barriers to entry in Asia, where the environment is such that carriers provide only the wireless connection; users can connect any device they like to the carriers' networks. The challenges in Europe are larger, in that the environment provides a mix of both connection-only carriers and others that control the devices connecting to their networks. North America is likely to provide the largest challenge since carriers there control both the devices and the networks to which they are connected.

Revenue Model

Intrinsyc's revenues have historically been generated entirely through the provision of contract/consulting engineering services to a wide variety of customers, with some software product sales and reselling of hardware. Billing is typically per diem.

The revenue model for *Soleus* includes (i) an initial license fee for access to the software, plus (ii) a royalty payment for every cell phone shipped with *Soleus* inside and (iii) one-time Non-Recurring Engineering (NRE) fees for customer-specific modifications to the standard *Soleus* platform.

We believe the initial license fee will be in the US$100,000 to US$200,000 range, with royalty revenues in the range of US$2.00 to US$4.00 per handset. We expect NRE fees to be between US$0.5 million and US$1.0 million per design.

Market Opportunity

Soleus is targeted at the feature phone segment of the cell phone market, which industry observers typically describe as mid-range mobile handsets. One of these wireless industry analyst firms, Ovum Corporation, estimates that the feature phone market was 508 million units in 2005 and will grow to 850 million units by 2009. If *Soleus* were to be used in all of them, Intrinsync's revenue would top US$2 billion.

Our forecast assumes that there are about 700 different feature phone models in the market today, growing to 1,100+ models by 2009. On average, a single model sells about 750,000 units over its 12-month life cycle. In our outlook, we have assumed 14 phone models using *Soleus* by August 2008, each with average volumes.

Risks

Speculative Risk – Despite having been in business for more than 10 years, Intrinsyc is at a very early stage of development and as such should be regarded as a speculative investment.

Financial Risk **–** Intrinsyc has outstanding secured debentures in the amount of $8.0 million maturing on October 3, 2007. The debentures have an annual interest rate of 12.5% with monthly payments of interest only until maturity, and are secured by a charge over all of the assets of Intrinsyc and its subsidiaries. Under the terms of the debentures, the Corporation must maintain a minimum cash balance of $2 million and tangible net assets in excess of $500,000. This risk is offset by the Company's recent capital raise of $24 million. The Company has had a history of financial losses

Research and Development Risk – Intrinsyc's end-markets are evolving at a very rapid rate; this requires the Company to make continuous investments in R&D. Should the Company either under-invest or mis-invest in R&D, the Company may not be able to meet our expectations.

Major Industry Software Vendor Partners May Become Competitors – Intrinsyc relies on cooperation from Microsoft Corporation and Symbian Limited in order to utilize their technologies. Microsoft and Symbian could add features to their operating systems and application product offerings that directly compete with the software products and services that Intrinsyc provides.

Length of Sales Cycle – The typical sales cycle for Intrinsyc's products is 6 to 9 months. As a result, the Company's financial results may vary significantly from quarter to quarter.

Foreign Exchange Risk – Intrinsyc obtains most of its revenue in US dollars, and has many expenses in Canadian dollars and the British pound. Although the Company hedges 60%-80% of its net monthly US dollar receipts, a rise in either the Canadian dollar or British pound relative to the US dollar could have a negative effect on our forecasts.

Management

Derek Spratt, *Chief Executive Officer*

Mr. Spratt is the founder and CEO of Intrinsyc. Previously, Mr. Spratt was co-founder and CEO of Consequent Technologies, a co-founder and EVP of PCS Wireless, Inc., the VP and Business Unit Manager of Nexus Engineering, and Product Development Manager in Motorola's Wireless Data Division.

Vincent Schiralli, *President & Chief Operating Officer*

Mr. Schiralli has more than thirty-five years of software and telecommunications experience. Mr. Schiralli is the former CEO of Qobra Systems Inc., a virtual private network hardware and software company, and Passport Online Inc., an Internet service provider. Previously, he was Vice President of Operations and COO of Rodin Communications Corp. as well as founder and President of Communitech, an Ontario-based technology association.

Andrew Morden, *Chief Financial Officer*

Mr. Morden is a Chartered Accountant with over 15 years of finance, accounting and public markets experience. Mr. Morden is the former Chief Financial Officer of Digital Dispatch System Inc. Previously, Mr. Morden worked with Intrawest Corporation as the Vice President of Financial Planning and Systems, SAP Canada as a Client Manager, and KPMG as a Senior Manager in the Assurance and Corporate Finance practices.

Randy Kath, *VP Mobile Software Products*

Mr. Kath has more than 15 years experience in software development, program management, product management, sales, marketing and business management. Previously, Mr. Kath was at Microsoft where he rose to general manager of Microsoft's embedded platform group. Prior to Microsoft, Mr. Kath worked as a software engineer for Shepard's McGraw-Hill and for General Dynamics.

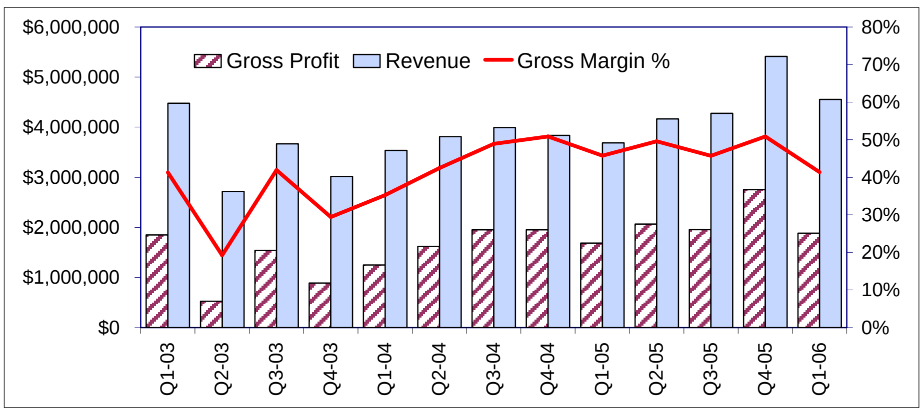
David Manuel, *VP Mobile Embedded Solutions*

Mr. Manuel has more than 18 years of international experience in engineering turnkey systems and software development projects. Prior to joining Intrinsyc, Mr. Manuel spent nearly a decade at MacDonald Dettwiler and Associates running systems developments for various space agencies and international governmental agencies.

Financials

Intrinsyc's core business has grown at a steady pace over the last three years, with revenue increasing from $14.0 million in F2003 to $17.5 million in F2005. Over that same period, gross margins improved from 35% to 48%, leading total gross profits to increase from $4.8 million to $8.5 million (or 33% per year). We expect revenue growth to remain steady in this area of the business, and margins to stabilize in the 40%-50% range. Figure 5 shows the quarterly progression of revenue, gross profit and gross margin since Q1-F03.

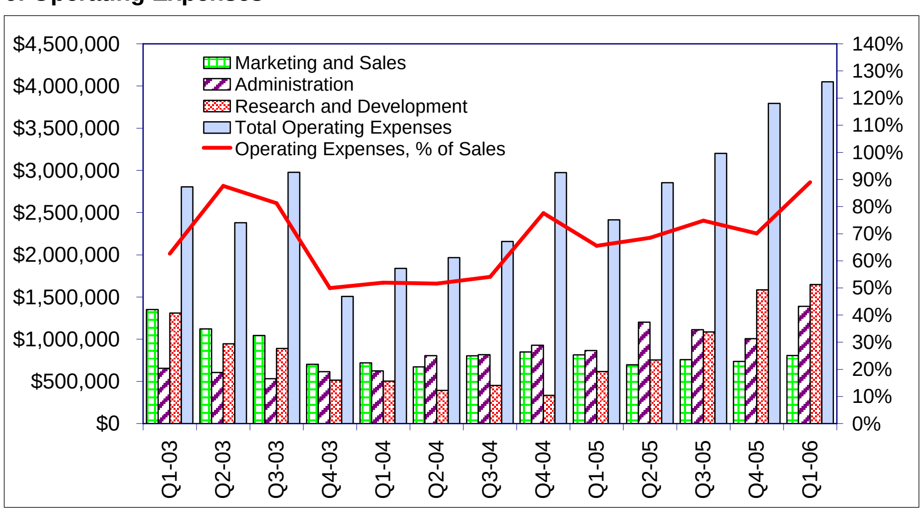
Figure 5: Revenue, Gross Profit and Gross Margin



Source: Company report, NSI estimates

Figure 6: Operating Expenses

Ramp in R&D has pushed operating expenses up



Source: Company reports

While the revenue and gross margin have grown consistently, operating expenses have grown even more aggressively. Though administration and selling expenses have remained fairly constant, research and development costs have risen sharply over the past several quarters. This rise in research and development is attributable to the development of *Soleus*, beginning in 2004. We expect capex growth to slow in coming quarters.

At the end of its last quarter, the Company had over $11.0 million in cash and equivalents versus $7.4 million in long-term debt. Since then the Company closed a financing. Net proceeds from the financing are expected to be approximately $24 million. The Company is well funded to invest in growing its business.

Valuation

To arrive at our valuation for Intrinsyc we have applied our previously mentioned methodology to the two segments of the Company's business, the historical core business and *Soleus*. *Soleus* is in its early stages and we expect it to grow very quickly over the next few years. To that side of the business we are applying a multiple of 6.0× F2008 revenue. For the core consulting business, growth has been slower so we are applying a multiple of 1.5× F2008 revenue. **This results in a 12-month price target of $1.75, which represents nearly 97% upside from the current price.**

Intrinsyc Software International Inc.
Statement of Operations

	FISCAL 2005					FISCAL 2006E				
	3 mths 30-Nov-04	3 mths 28-Feb-05	3 mths 31-May-05	3 mths 31-Aug-05	12 mths 31-Aug-05	3 mths 30-Nov-05	3 mths 28-Feb-06	3 mths 31-May-06 Forecast	3 mths 31-Aug-06	12 mths 31-Aug-06
Sales	3,685,703	4,165,100	4,275,715	5,412,587	17,539,105	4,552,688	4,685,738	4,986,228	5,657,840	19,882,493
Cost of sales	1,998,416	2,100,486	2,320,743	2,661,354	9,080,999	2,668,686	2,577,156	2,742,425	3,111,812	11,100,079
Gross profit	**1,687,287**	**2,064,614**	**1,954,972**	**2,751,233**	**8,458,106**	**1,884,002**	**2,108,582**	**2,243,802**	**2,546,028**	**8,782,414**
Gross margin	*46%*	*50%*	*46%*	*51%*	*48%*	*41%*	*45%*	*45%*	*45%*	*44%*
Expenses										
Administration	867,275	1,201,253	1,110,831	1,005,849	4,185,208	1,388,747	1,402,634	1,416,661	1,527,617	5,735,659
Marketing and sales	815,541	697,796	757,428	737,676	3,008,441	807,399	937,148	997,246	1,357,882	4,099,674
Research and development	618,539	754,697	1,084,815	1,584,728	4,042,779	1,648,381	1,681,349	1,714,976	1,749,275	6,793,980
Stock-based compensation	152,099	201,409	221,012	241,694	816,214	204,460	187,430	199,449	226,314	817,652
Technology Partnerships Canada Funding Investment	(37,689)	0	27,341	225,000	214,652	1,173	0	0	296,475	297,648
EBITDA	**(728,478)**	**(790,541)**	**(1,246,455)**	**(1,043,714)**	**(3,809,188)**	**(2,166,158)**	**(2,099,978)**	**(2,084,529)**	**(2,611,534)**	**(8,962,199)**
Amortization	202,999	211,912	213,350	196,889	825,150	222,473	310,498	300,492	292,288	1,125,751
EBIT	(931,477)	(1,002,453)	(1,459,805)	(1,240,603)	(4,634,338)	(2,388,631)	(2,410,476)	(2,385,021)	(2,903,821)	(10,087,950)
Foreign exchange loss (gain)	496,475	(174,180)	(128,398)	288,760	482,657	107,423	0	0	0	107,423
Interest expense (income)	(10,537)	(41,403)	(38,248)	(29,642)	(119,830)	(49,918)	(38,952)	(30,105)	(93,054)	(212,029)
Interest expense - long term debt	0	0	0	0	0	285,278	230,116	230,116	230,116	975,625
EBT	**(1,417,415)**	**(786,870)**	**(1,293,159)**	**(1,499,721)**	**(4,997,165)**	**(2,731,414)**	**(2,601,641)**	**(2,585,031)**	**(3,040,883)**	**(10,958,968)**
Current income taxes	0	0	18,388	59,036	77,424	21,988	0	0	0	21,988
Future income taxes	(23,652)	(23,652)	(23,652)	(23,652)	(94,608)	(23,652)	0	0	0	(23,652)
Net Income	**(1,393,763)**	**(763,218)**	**(1,287,895)**	**(1,535,105)**	**(4,979,981)**	**(2,729,750)**	**(2,601,641)**	**(2,585,031)**	**(3,040,883)**	**(10,957,304)**
Earnings (loss) per share	($0.03)	($0.01)	($0.02)	($0.03)	**($0.09)**	($0.05)	($0.05)	($0.04)	($0.04)	**($0.17)**
Weighted avg shares outstanding (000s)	49,065,464	56,233,718	56,233,718	56,376,608	54,477,377	56,234,336	56,237,468	69,635,669	83,054,627	66,290,525

	FISCAL 2007E					FISCAL 2008E
	3 mths 30-Nov-06	3 mths 28-Feb-07	3 mths 31-May-07	3 mths 31-Aug-07	12 mths 31-Aug-07	12 mths 31-Aug-08
Sales	5,660,420	6,446,648	7,593,285	9,049,011	28,749,364	47,688,743
Cost of sales	2,830,210	3,223,324	3,796,643	4,524,505	14,374,682	19,075,497
Gross profit	**2,830,210**	**3,223,324**	**3,796,643**	**4,524,505**	**14,374,682**	**28,613,246**
Gross margin	*50%*	*50%*	*50%*	*50%*	*50%*	*60%*
Expenses						
Administration	1,550,531	1,676,129	1,898,321	2,171,763	7,296,743	9,638,993
Marketing and sales	1,385,039	1,482,729	1,746,456	2,081,272	6,695,496	8,968,486
Research and development	1,784,261	1,819,946	1,856,345	1,893,472	7,354,023	8,590,441
Stock-based compensation	183,964	209,516	246,782	294,093	934,354	1,172,614
Technology Partnerships Canada Funding Investment	0	0	0	562,481	562,481	1,130,662
EBITDA	**(2,073,585)**	**(1,964,995)**	**(1,951,261)**	**(2,478,575)**	**(8,468,416)**	**(887,950)**
Amortization	295,561	289,245	284,066	279,819	1,148,691	657,376
EBIT	(2,369,146)	(2,254,240)	(2,235,327)	(2,758,394)	(9,617,107)	(1,545,326)
Foreign exchange loss (gain)	0	0	0	0	0	0
Interest expense (income)	(95,066)	(87,914)	(78,839)	(69,527)	(331,346)	(200,310)
Interest expense - long term debt	230,116	230,116	230,116	230,116	920,462	920,462
EBT	**(2,504,195)**	**(2,396,442)**	**(2,386,603)**	**(2,918,983)**	**(10,206,223)**	**(2,265,478)**
Current income taxes	0	0	0	0	0	0
Future income taxes	0	0	0	0	0	0
Net Income	**(2,504,195)**	**(2,396,442)**	**(2,386,603)**	**(2,918,983)**	**(10,206,223)**	**(2,265,478)**
Earnings (loss) per share	($0.03)	($0.03)	($0.03)	($0.04)	**($0.12)**	**($0.03)**
Weighted avg shares outstanding (000s)	83,096,155	83,137,703	83,179,272	83,220,861	83,158,498	83,324,939

Intrinsyc Software International Inc.
Balance Sheet

	FISCAL 2006E				FISCAL 2007E			
	30-Nov-05	28-Feb-06	31-May-06 Forecast	31-Aug-06	30-Nov-06	28-Feb-07	31-May-07	31-Aug-07
ASSETS								
Current:								
Cash and cash equivalents	11,129,003	8,601,554	26,586,940	23,766,433	21,978,560	19,709,820	17,381,671	14,477,301
Accounts receivable	4,390,565	4,364,797	4,508,096	4,960,298	4,342,240	4,945,374	5,824,986	6,941,707
Inventory	131,819	234,287	249,311	282,892	283,021	322,332	379,664	452,451
Prepaid expenses	374,611	351,430	373,967	424,338	424,531	483,499	569,496	678,676
	16,025,998	**13,552,068**	**31,718,314**	**29,433,961**	**27,028,352**	**25,461,024**	**24,155,817**	**22,550,134**
Capital assets	1,000,128	1,000,102	1,010,083	1,028,268	993,180	964,407	940,814	921,468
Goodwill	14,189,478	14,189,478	14,189,478	14,189,478	14,189,478	14,189,478	14,189,478	14,189,478
Intangible assets	1,075,006	1,075,006	1,075,006	1,075,006	1,075,006	1,075,006	1,075,006	1,075,006
Deferred financing costs	810,133	699,660	589,188	478,715	368,243	257,770	147,297	36,825
	$ 33,100,743	**$ 30,516,315**	**$ 48,582,069**	**$ 46,205,428**	**$ 43,654,258**	**$ 41,947,686**	**$ 40,508,413**	**$ 38,772,911**
LIABILITIES								
Current:								
Accounts payable and accrued liabilities	2,477,039	2,118,210	2,254,048	2,557,654	2,326,200	2,649,307	3,120,528	3,718,771
Taxes Payable	252,319	252,319	252,319	252,319	252,319	252,319	252,319	252,319
Deferred revenue	748,536	937,148	997,246	1,131,568	1,132,084	1,289,330	1,518,657	1,809,802
Debentures	7,363,699	7,363,699	7,363,699	7,363,699	7,363,699	7,363,699	7,363,699	7,363,699
	10,841,593	**10,671,376**	**10,867,312**	**11,305,240**	**11,074,302**	**11,554,655**	**12,255,203**	**13,144,592**
Future income taxes	237,773	237,773	237,773	237,773	237,773	237,773	237,773	237,773
	11,079,366	**10,909,149**	**11,105,085**	**11,543,013**	**11,312,075**	**11,792,428**	**12,492,976**	**13,382,365**
SHAREHOLDERS' EQUITY								
Share capital	57,454,091	57,454,091	77,709,491	77,709,491	77,709,491	77,709,491	77,709,491	77,709,491
Share purchase warrants	769,234	769,234	769,234	769,234	769,234	769,234	769,234	769,234
Contributed surplus	2,101,220	2,288,650	2,488,099	2,714,412	2,898,376	3,107,892	3,354,674	3,648,767
Cumulative translation adjustment	(27,792)	(27,792)	(27,792)	(27,792)	(27,792)	(27,792)	(27,792)	(27,792)
Deficit	(38,275,376)	(40,877,017)	(43,462,047)	(46,502,930)	(49,007,125)	(51,403,567)	(53,790,170)	(56,709,153)
	22,021,377	**19,607,166**	**37,476,984**	**34,662,415**	**32,342,183**	**30,155,258**	**28,015,436**	**25,390,546**
	$ 33,100,743	**$ 30,516,315**	**$ 48,582,069**	**$ 46,205,428**	**$ 43,654,258**	**$ 41,947,686**	**$ 40,508,413**	**$ 38,772,911**

Source: Company reports, NSI estimates