



March 25, 2008

Dear Fellow Shareholders,

Recently, our Board of Directors approved a change to our fiscal year-end, moving it from August 31 to December 31. This change has aligned our business with our marketplace, and we believe it will enhance our overall corporate efficiencies. As a result, we had a four-month transition period from September 1 to December 31, 2007, and therefore, we are required to hold an annual general meeting to complete the fiscal year-end transition. The materials enclosed in this package relate to the annual general meeting scheduled for May 15, 2008.

Over the course of the last four months of 2007, we continued to develop our Soleus™ software product, close new design wins, and provide engineering services, which is the primary source of revenue for the period. The two additional design wins we secured during this period included one with Quanta Computer Inc., the world's largest notebook computer manufacturer. We also began the new year with another important customer development. On January 30, 2008, we announced the signing of a license agreement with Samsung Semiconductor System LSI Division, which is a significant achievement for Intrinsyc. The agreement to bundle Soleus with Samsung's application processor provides an integrated hardware and software platform solution, which will be co-marketed to manufacturers by both companies. We believe this relationship has the potential to expand over time and accelerate the deployment of Soleus internationally. As of the end of March 2008, we have signed seven license agreements with five customers who are leveraging the development benefits and competitive advantages offered by Soleus.

As many of you know, the market opportunity for the wireless software business is large and growing. According to industry research firm, IDC, global handset unit shipments will grow from approximately 1.1 billion in 2007 to approximately 1.4 billion by 2011. Based on these projections, we believe that handset sales will continue to reach record levels and manufacturers will face increasing competitive pressure to bring new products to market within shorter time frames. The industry is also experiencing a surge in other handheld products, including personal navigation devices, which reportedly had annual global shipments of 29 million in 2007 and are projected to

grow at a compound annual growth rate of 22.5% over the next five years¹. As consumers adopt these new products, the competition from manufacturers is increasing and they are seeking feature-rich solutions that can accelerate development and reduce the time required to bring their products to market.

Based on the license agreements signed in 2007, we expect several Soleus-based devices to be launched in 2008, which will drive our software revenue growth. The first of these devices was announced at the 2008 Consumer Electronics Show in January by our customer Micro-Star International. The 5608 wireless handset includes both personal navigation and mobile digital TV capabilities and is the first in a series of Soleus-based wireless handheld devices planned by this leading global manufacturer.

As a company, we remain committed to research and development efforts focused on expanding the capabilities of our Soleus software and delivering world-class services and solutions to our customers. During the period, we continued Soleus development to support our customers and to address key market requirements, including support for third generation (3G) networks and touch interfaces, resulting in three Soleus software releases scheduled for 2008. We also made other important improvements to our operations with the hiring of a seasoned wireless executive from Qualcomm to manage the further development of Soleus, and the closing of our non-strategic engineering operations in the United Kingdom.

I believe that in calendar 2007 Intrinsic successfully executed on the Soleus business, further validating our commercial opportunities. We also made the fundamental changes to our business to become a fast-growing wireless solutions provider and are well positioned for 2008. I am very proud of our team and their recent accomplishments and believe we have laid the foundation for greater success in the future. Our shareholders have been instrumental in supporting the Company's operations and vision to ensure our growth in the coming years. Thank you for your continued support.

Sincerely,

Glenda M. Dorchak

Chairman and Chief Executive Officer
Intrinsic Software International, Inc.

¹ ABI Research