



**Prophecy**

# Prophecy International Holdings Ltd.

**(ASX:PRO)**

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## Company Announcement 21<sup>st</sup> November, 2014

### PROPHECY INTERNATIONAL HOLDINGS LIMITED AGM 2014

Ladies and gentleman, good morning and welcome to our Annual General Meeting for 2014.

Our financial result for the 2013-2014 year came in at a profit of \$1.69m before tax and before the goodwill impairment. A final dividend of .75 cents per share was paid to bring the full year dividend up to 2.75 cents. Cash paid out as dividend was \$ 1.86 m compared to \$1.51m in the previous year. Total dividends over the last 8 years have amounted to 23.25 cents per share with an average of 2.9 cents per year.

Full year revenue was \$7.1m which was up from \$6.9m.

Cash as at the full year end was \$4.67m, up from \$2.69m last year. Our current cash position stands at over \$5m after having paid out the year end dividend. Net cash from operations was \$2.15m compared to \$2.34m last year showing a continued strong cash flow from the business.

At the time of our 2011 AGM, our share price sat at about 20 cents and had moved to 24 cents by the 2012 AGM, followed by an uplift to 59c at the 2013 AGM. From there we have drifted back to about 41c at the current time. We have taken action to improve our performance in this new year and as a result we expect to see a boost in the share price from here through our new growth strategies.

### INTERSECT ALLIANCE INTERNATIONAL

Intersect is a software business that via its SNARE product sales, results in a strong cash flow with multiple regular sales generating a positive cash position each month. This profile of a larger number of generally smaller sales, is a contrast to the rest of our business and brings a smoothing effect on revenue. Most regular license sales are taken in the \$2000 to \$80,000 range with a smaller number over \$100,000.

The SNARE products have a very good reputation in the security arena with worldwide recognition, and the sales cycle time is quite short when compared to our traditional products. The demand for the SNARE product line is excellent and conversion to revenue is an uncomplicated sales process as tenders are rarely involved. SNARE is seen more as a commodity product.

The SNARE products work very well with a number of other well known market leading products in the security arena. We are in discussions with a number of larger organisations with a view to making our products integrated and available with their solutions.

We are also in discussion with a number of larger parties that have an interest in reselling our products to create a larger market for SNARE.

We have enhanced our support, development, sales and administration and achieved an invoiced new sales growth of 27% in the financial year just finished as a result. We are now seeking accelerated growth from this business in 2014-2015, and have added to our sales team, growing our development team and have embarked on a set of new marketing initiatives aimed at accelerating the number of qualified leads.

Our new sales to November so far, compared to last year, are up over 70% and we expect to be able to maintain this momentum, based on forecasts, through to the half year. The Intersect business provides the potential for the best growth in our business currently and continues to be an exciting business to be part of.

Our work on new partnerships is close to fruition with some major new names to come on board in the next few months. This is another area that will help with our growth acceleration strategy.

## **OTHER UNITS**

Users of the Births Deaths and Marriages registry system (BDM) solution include South Australia, Northern Territory, ACT and the country of Nauru along with the Solomon Islands. The Solomon Islands project was implemented during the course of the 2014 year under the auspices of the United Nations to counteract one of the lowest birth registration rates in the Pacific nations. Our expertise in this area is very well respected and recognized. There has been wide interest in our BDM registry software as a result, both in Australia and overseas. We are short listed for a major opportunity in this area.

Our Basis2 team has been engaged in a number of major projects during the year, including the implementation of an automated meter reading system and a major software overhaul. Both projects have now reached a successful conclusion.

Our Legacy business unit continues to perform well and with renewals notified so far this year, both the half year profit target and full year position will once again be met. Our Legacy solutions have continued to provide stable and secure services for our traditional customers. Our eFoundation rapid application development software continues to show its strengths with timely delivery of customer enhancements delivered again at short notice.



## OVERALL PROJECTION

We expect to be able to show a strong half year revenue and profit before tax, exceeding last year's position. Based on that result, the board plans to be able to issue a half year dividend again.

Current projections show that our full year revenues should show significant growth on last year. Based on that projection, the full year profit should come in well ahead of last year's result. A full year dividend is therefore also expected again to round out a very healthy year.

## CONCLUSION

The 2013-2014 full year didn't produce the growth forecast, and we have therefore taken positive action to improve markedly on that position for the full 2014-2015 year. Our year to date position with accelerated growth so far shows a very good start to this half. The full year prospects for revenue and profit look very healthy at this point with the new marketing initiatives expected to fill out growth in the second half. As usual, there is much work to be done to get there.

Work has been progressing on our next acquisition with many opportunities reviewed so far. We are working with strict criteria to ensure that our next purchase once again adds value to the Prophecy Group.

Thanks to all of our staff who have performed their work through the year to bring us in to a position for growth in this new year.

A handwritten signature in black ink, appearing to read "Ed Reynolds".

Ed Reynolds  
**Chairman**

- end -

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For more details visit  
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