



Prophecy

Prophecy International Holdings Ltd.

(ASX:PRO)

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COMPANY ANNOUNCEMENT 13th November 2009

PROPHECY SIGNS HOA TO PURCHASE SOFTWARE COMPANY

Prophecy international Holdings Limited (ASX Code: PRO) (**Prophecy**) has signed a non-binding Heads of Agreement to purchase 100% of the shares in an Australian software company, subject to the completion of due diligence and certain other conditions. In a cash and shares transaction, Prophecy is on track to acquire 100% of the target software company for an initial outlay of \$500k cash plus the issue of 1,000,000 Prophecy shares. (750,000 of those shares will be held in escrow for a period of 12 months from settlement). In addition, an earn out formula is payable, relating to future profits in excess of set targets over a 3 year period.

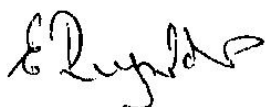
The target company owns the intellectual property in four specific and competitive software products which are capable of significant growth. Prophecy believes that these products can be taken to the world markets through a partner network and thus enhance the value of the acquired intellectual property. The staff members coming on board as a result of the transaction have excellent technical skills which will add to the pool of resources that can be brought together for group projects.

In a full year of operation, Prophecy expects the acquired company to initially generate revenues of \$2m and profit before tax of \$400k. Prophecy believes that excellent growth is available by taking the new products to world markets with a strong marketing campaign via partners. The new business will continue to operate as a separate entity, but as a wholly owned subsidiary of Prophecy. The skills that Prophecy has built in taking products to the world will be utilized in the planned expansion of markets for the new software products.

The management of the acquired company is looking forward to the new investment and access to expertise to drive growth, and realize the potential of its intellectual property. Being part of a larger group, as well as a listed company, will bring with it more opportunity than was previously possible. Prophecy looks forward to having the new team as part of its group and is looking forward to attacking the new markets opened by the acquisition of these technologies.

Subject to the satisfactory completion of due diligence (and satisfaction of certain other conditions), it is expected that final agreements will be executed and settled by mid December 2009

For any further information please contact Ed Reynolds, Chairman of Prophecy.



Ed Reynolds
Chairman

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For more details visit basis2.com
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