



Prophecy

Prophecy International Holdings Ltd.

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COMPANY ANNOUNCEMENT 18th November 2011

PROPHECY INTERNATIONAL HOLDINGS LIMITED AGM 2011

Ladies and gentleman, good morning and welcome to our Annual General Meeting for 2011.

Our financial result for the 2010-2011 year was a poor one, with no profit to report and no final dividend. That was not a result that the directors were happy with and actions have been taken so that we are able to achieve a better result by far in this 2011-2012 financial year. We believe that the company is now far better placed to achieve more stable profits and return value to all shareholders.

I would now like to present a picture of each of our current business units to see what is in store for this financial year.

INTERSECT ALLIANCE INTERNATIONAL

Prophecy acquired this business as at August 1st 2011 as announced a few months back. We believed that it was a very good business, with potentially many smaller sales and shorter sales cycles, to balance our other business units that tend to have larger sales and much longer sales cycles. In just 3 months of operation under our control, we have proven our projections for this business to be correct.

Intersect is a software business that generates a strong cash flow with multiple regular sales generating a positive cash position every month. Most regular license sales are taken in the \$5000 to \$80,000 range with a smaller number over \$100,000. Maintenance services tend to range from \$1000 to \$16,000 and consulting services are also provided.

New enquiries come into Intersect directly and via our partners at a strong rate and because the products have a very good reputation, the sales cycle time is quite short when compared to our other products. The demand for the Snare product line is excellent and conversion to revenue is an uncomplicated process as tenders are rarely involved. It's seen more as a commodity product. Sales cycle times can be measured in days and weeks rather than months and years.

The demand comes from all corners of the globe and that geographic spread means that there are many opportunities to add new dealers to service local markets across the world. Intersect has a plan to expand its reach through the appointment of new local dealers to better service each territory.

The Snare products work very well with a number of other well known market leading products in the security arena. We see an opportunity to sign OEM agreements such that the Snare products can be integrated with these other solutions and sold as a total solution. This area of OEM opportunity is capable of adding additional revenues beyond our current capability.

Both a half year profit and a good full year profit will be achieved by this business unit for 2011-2012.

PROMADIS

We are pleased that we have been able to put in place a major new agreement for the upgrade and expansion of the Births Deaths and Marriages solution run by the ACT government. All up, that project will achieve over \$500k of revenues across the life of the agreement and it demonstrates the strength of our software and services offering in this market space. The expansion includes a new Workplace checking module which aims to protect the public interest in a wide range of key areas. Additional upgrades and expansion activities are also in discussion with current users and quite a number of new sales opportunities are being worked at the moment.

On the strength of these new projects, Promadis will return to a profit situation in this current half and will continue its recovery through to a full year profit position in June 2012.

Promadis has also been heavily promoting its new range of SMS phone based solutions which have a wide range of applications in the area of corporate data. These new products are expected to be able to boost revenues and form a good base for future growth of the business.

BASIS2

Our sales efforts have finally won out in the Basis arena, with two new Utility software sales on the verge of being concluded. Final paperwork is in the process of being completed on these and more details can be released shortly. Although at the smaller end of the project scale, these new projects will add to our half year profit position, and deliver in excess of \$1m in revenue over the duration of the projects.

In addition, we have put a key focus on providing our Billing solution under a Software as a Service model utilizing Cloud computing as a delivery means. We have been working with two large partners in particular, so that we can capture a share of this market by combining the strength of our product solution with the service capability and reach of our larger partners. Our plan is to be able to combat slower general market conditions through this strengthened solution which allows customers to spread their system investment over time. Activity in this space is expected to accelerate in 2012.

LEGACY SOLUTIONS

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 be met. This customer base is very stable and its business as usual here.

OVERALL POSITION

As we have presented, each of our business units have improved their position since last year to be individually in position for profit for the half year and full year. Some very good work has been performed by our staff to get back to this positive position.

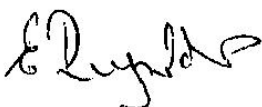
Our half year revenue is expected to be up 50% from last year's position, and that is a very good result considering that many world economies are struggling. As a result, we expect to be able to show a half year profit of some \$750k which is a healthy return to the positive. Based on that result, the board plans to be able to issue a half year dividend again.

Current projections show that our full year revenues should come in at a 45% increase on last year's result. That will provide us with a very pleasing recovery of our fiscal position. Based on that projection, the full year profit should come in at about the \$1.25m mark, which will be an excellent turn around on last year. A full year dividend is therefore also expected again.

CONCLUSION

Last year was a tough year and certainly didn't meet our usual standards. However, we believe that we have turned each of the units around such that we can deliver a good result for this half year and the 2011-2012 full year.

Thanks to all of our staff who have worked through the tougher market conditions to bring in our improved positions for each business.



Ed Reynolds
Chairman

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For more details visit basis2.com
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