



**Prophecy**

**PROPHECY INTERNATIONAL HOLDINGS LTD**

**ACN 079 971 618**

**Appendix 4D - Half Year Report**

**For the Period Ended 31 December 2012**

**PROPHECY INTERNATIONAL HOLDINGS LTD  
RESULTS FOR ANNOUNCEMENT TO THE MARKET**

**For the Period Ended 31 December 2012**

This report should be read in conjunction with the 30 June 2012 Annual Financial Report of the consolidated entity.

1 <b>Summary of results</b>	% change	Direction	\$
Revenue from ordinary activities	6%	up	4,197,193
Profit from ordinary activities before tax attributable to members	28%	up	1,547,136
Profit from ordinary activities after tax attributable to members	27%	up	1,098,181
Profit from ordinary activities attributable to members (after minorities)	27%	up	1,098,181

The Directors have declared an interim unfranked dividend of 2 cents per share with a record date of 13<sup>th</sup> March 2013 and payment date of 2<sup>nd</sup> April 2013.

**2 Explanatory information**

For the six months to 31 December 2012, Prophecy has posted a profit before tax of \$1.55 million. This compares with a profit of \$1.21 million before tax for the same period last year.

Revenues for the six months to 31 December 2012 were \$4.20 million – up 6% from the same period last year which recorded revenues of \$3.96 million.

The half year closed with a cash balance of \$3.08 million which was \$0.67 million higher than the cash balance at the same period last year.

**PROPHECY INTERNATIONAL HOLDINGS LTD**  
**Other Information**

**For the Period Ended 31 December 2012**

**3 Net Tangible Assets per Security**

	2012	2011
	\$	\$
Net Tangible Assets	3,538,214	3,449,977
Number of Securities	50,209,784	50,209,784
<b>NTA per Security</b>	<b>0.070</b>	<b>0.069</b>

**4 Changes in Controlled Entities**

None

**The reviewed financial statements for the period ended 31 December 2012 are attached.**



**PROPHECY INTERNATIONAL HOLDINGS LTD**

**ACN 079 971 618**

**REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

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## **PROPHECY INTERNATIONAL HOLDINGS LTD & CONTROLLED ENTITIES**

### **REVIEW OF OPERATIONS AND RESULTS OF OPERATIONS**

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#### **FINANCIALS**

For the six months to 31 December 2012, Prophecy has posted a profit before tax of \$1.55 million.

This compares with a profit of \$1.21 million before tax for the same period last year.

Revenues for the six months to 31 December 2012 were \$4.20 million – up 6% from the same period last year which recorded revenues of \$3.96 million.

The half year closed with a cash balance of \$3.08 million which was \$0.67 million higher than the cash balance at the same period last year.

The Directors have declared an interim unfranked dividend of 2 cents per share for the half.

#### **SALES AND MARKETING**

The Directors are very pleased with the continued growth in Revenues over the 6 months to December 31.

In particular, sales of the Snare product set have grown significantly over the corresponding period last year. This product set continues to show that it is very competitive on the world stage. Snare is a product which provides a valuable service to businesses in any industry, and the increasing focus on regulatory compliance around the world augurs well for continued sales success.

A new Snare Business Partner was appointed in North America, and is already making a positive contribution to sales growth. Our existing Business Partners continued to do well, expanding their valuable contribution.

Our Promadis unit closed a major upgrade deal with the Yellow Group and commenced that project implementation. The major BDM projects commenced a year ago for the ACT Government have now moved to live processing and stand as an endorsement of the Promadis product set and capability.

#### **RESEARCH AND DEVELOPMENT**

Research and Development of basis2 continued steadily during the reporting period, with ongoing enhancements and new features being developed for release within the 2013 calendar year. All research and development is fully expensed in Prophecy's accounts. The basis2 application is a highly flexible product developed in Oracle and able to be readily integrated with the Oracle e-business suite. Its features enable it to score highly in competitive situations and the investment in product development assists Prophecy to achieve its sales success.

Additional Research and Development was expended on the Promadis BDM product set to continue to enhance the market positioning of its core products.

Release 6 of the Snare Server was issued in the first half of the current financial year. This release offers a new and intuitive user interface, with a focus on simple navigation as well as clear reporting. Initial customer response to this new release is very positive. The increased investment in Research and Development of the Snare product is paying dividends, with new staff becoming productive very quickly.

#### **SUPPORT OF CUSTOMERS**

The six months to 31 December has been a busy and productive time for our consultants and support staff. We have two major basis2 implementations in North America going live in the first few months of 2013, with teams of consultants on the ground in both locations.

The increase in sales of our Snare products has brought about a steady stream of queries from our new customers as they learn how to get the best from the product. Snare is a mature, stable product with minimal support required for most customers.

#### **OUTLOOK**

Prophecy has begun this financial year well, with results comparing favourably with last year's position. Management expects the Group to achieve its full year profit targets.

Prophecy has competitive, innovative and flexible solutions that are able to be very competitive on world markets. Our staff are dedicated and motivated to continue our recent successes. Our Partners are working with us to demonstrate our advantages to push for successful outcomes in this financial year.

## PROPHECY INTERNATIONAL HOLDINGS LTD & CONTROLLED ENTITIES

### DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2012

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Your directors submit the financial report of Prophecy International Holdings Ltd and controlled entities, for the half-year ended 31 December 2012.

#### Directors

The name of each person who has been a director of the company at any time during or since the end of the half year:

Edwin Reynolds  
Anthony P Weber  
Leanne Challans

#### Results from Operations

The consolidated profit of the consolidated entity for the half year to 31 December 2012, after providing for income tax was \$1,098,181. The profit before tax was \$1,547,136 with the income tax expense for the period representing a non-cash movement in the deferred tax.

#### Review of Operations

A review of operations is shown on page 1 of this report.

#### Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Grant Thornton South Australian Partnership, to provide the directors or Prophecy International Holdings Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is made on the following page and forms part of this Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors.



.....  
Ed Reynolds



.....  
Leanne R Challans

Signed at **Adelaide** this 26<sup>th</sup> day of **February 2013**.

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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF PROPHECY INTERNATIONAL HOLDINGS LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Prophecy International Holdings Limited for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

*Grant Thornton*

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP  
Chartered Accountants



S K Edwards  
Partner

Adelaide, 26 February 2013

**PROPHECY INTERNATIONAL HOLDINGS LTD & CONTROLLED ENTITIES**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	<b>Consolidated Group</b>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>\$</b>	<b>\$</b>
Revenues from ordinary activities	4,197,193	3,964,367
Employee benefits expense	(2,032,944)	(1,919,425)
Depreciation and amortisation expense	(81,497)	(74,698)
Other expenses from ordinary activities	<u>(535,616)</u>	<u>(758,558)</u>
Profit from ordinary activities before income tax	1,547,136	1,211,686
Income tax expense	<u>(448,955)</u>	<u>(348,112)</u>
	(448,955)	(348,112)
Profit from ordinary activities after related income tax	<u>1,098,181</u>	<u>863,574</u>
Profit attributable to minority equity interest	-	-
Profit attributable to members of the parent entity	<u>1,098,181</u>	<u>863,574</u>
<b>Other comprehensive income</b>		
Exchange differences on translating foreign controlled entities	(52,416)	(2,563)
Income tax recovery relating to components of other comprehensive income	19,150	(56,127)
Total other comprehensive income for the period	<u>(33,266)</u>	<u>(58,690)</u>
<b>Total comprehensive income for the period</b>	<u>1,064,915</u>	<u>804,884</u>
<b>Earnings per share</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	2.19	1.74
Diluted earnings per share	2.19	1.74

**The accompanying notes form part of these financial statements**



PROPHECY INTERNATIONAL HOLDINGS LTD & CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012

	Note	Consolidated Group	
		31 December 2012 \$	30 June 2012 \$
<b>CURRENT ASSETS</b>			
Cash assets		3,083,392	1,893,832
Trade and other receivables		1,855,305	1,232,971
Work in progress		9,630	72,833
Current tax assets		(3,461)	149,295
Financial assets at fair value through profit or loss		1	1
Other current assets		72,557	87,310
<b>TOTAL CURRENT ASSETS</b>		<b>5,017,424</b>	<b>3,436,242</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		1,276	5,827
Deferred tax assets		870,134	1,273,972
Property, plant and equipment		65,840	66,734
Intangible assets		3,846,992	3,914,494
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,784,242</b>	<b>5,261,027</b>
<b>TOTAL ASSETS</b>		<b>9,801,666</b>	<b>8,697,269</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		495,308	333,501
Current tax liabilities		1,181	1,203
Provisions		717,849	728,452
Other current liabilities		971,478	576,390
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,185,816</b>	<b>1,639,546</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		63,419	38,697
Provisions		17,154	13,168
Other non-current liabilities		150,070	250,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>230,643</b>	<b>301,865</b>
<b>TOTAL LIABILITIES</b>		<b>2,416,459</b>	<b>1,941,411</b>
<b>NET ASSETS</b>		<b>7,385,207</b>	<b>6,755,858</b>
<b>EQUITY</b>			
Issued capital	5	16,931,464	16,931,464
Reserves		14,121	(19,145)
Retained earnings		(9,560,498)	(10,156,581)
Parent interest		7,385,087	6,755,738
Non-controlling interest		120	120
<b>TOTAL EQUITY</b>		<b>7,385,207</b>	<b>6,755,858</b>

The accompanying notes form part of these financial statements

**PROPHECY INTERNATIONAL HOLDINGS LTD & CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	Issued Capital \$	Retained Earnings \$	Minority Interest \$	Foreign Translation Reserve \$	Share Option Reserve \$	Total \$
<b>Balance at 1 July 2011</b>	16,481,464	(10,331,240)	120	(98,083)	124,825	<b>6,177,086</b>
Profit attributable to members of parent entity	-	863,574	-	-	-	<b>863,574</b>
<b>Other comprehensive income:</b>	-	-	-	(58,690)	-	<b>(58,690)</b>
<b>Total comprehensive income for the period</b>	-	863,574	-	(58,690)	-	<b>804,884</b>
Shares issued in consideration of business combinations	450,000	-	-	-	-	<b>450,000</b>
<b>Balance at 31 December 2011</b>	<b>16,931,464</b>	<b>(9,467,666)</b>	<b>120</b>	<b>(156,773)</b>	<b>124,825</b>	<b>7,431,970</b>
<b>Balance at 1 July 2012</b>	16,931,464	(10,156,581)	120	(143,970)	124,825	<b>6,755,858</b>
Profit attributable to members of parent entity	-	1,098,181	-	-	-	<b>1,098,181</b>
Other comprehensive incomes	-	-	-	33,266	-	<b>33,266</b>
<b>Total comprehensive income for the period</b>	-	1,098,181	-	33,266	-	<b>1,131,447</b>
Shares issued in consideration of business combinations	-	-	-	-	-	-
Dividends paid	-	(502,098)	-	-	-	<b>(502,098)</b>
<b>Balance at 31 December 2012</b>	<b>16,931,464</b>	<b>(9,560,498)</b>	<b>120</b>	<b>(110,704)</b>	<b>124,825</b>	<b>7,385,207</b>

**The accompanying notes form part of these financial statements**

**PROPHECY INTERNATIONAL HOLDINGS LTD & CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	<b>Consolidated Group</b>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	4,197,967	3,452,322
Interest received	64,187	79,531
Payments to suppliers and employees	(2,708,931)	(2,739,131)
Income tax (paid)/received	149,463	-
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,702,686</b>	<b>792,722</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Intersect Alliance	-	(1,962,170)
Payment for property plant & equipment	(13,131)	(4,228)
	<hr/>	<hr/>
<b>NET CASH PROVIDED/(USED) IN INVESTING ACTIVITIES</b>	<b>(13,131)</b>	<b>(1,966,398)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(502,098)	-
	<hr/>	<hr/>
<b>NET CASH PROVIDED USED IN FINANCING ACTIVITIES</b>	<b>(502,098)</b>	<b>-</b>
	<hr/>	<hr/>
Net increase/(decrease) in cash held	1,187,457	(1,173,676)
Cash and cash equivalents at beginning of period	1,893,832	3,569,907
Effects of foreign exchange rate changes	2,103	15,057
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b><u>3,083,392</u></b>	<b><u>2,411,288</u></b>

The accompanying notes form part of these financial statements

## PROPHECY INTERNATIONAL HOLDINGS LTD & CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

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#### NOTE 1 – REPORTING ENTITY

Prophecy International Holdings Limited ("the company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the "consolidated group").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2012 is available on request from the Company's registered office at Level 2, 124 Waymouth Street, Adelaide 5000, South Australia or at [www.prophecyinternational.com](http://www.prophecyinternational.com).

#### NOTE 2 – STATEMENT OF COMPLIANCE

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Prophecy International Holdings Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made during the half-year.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2012 and the corresponding interim financial period.

#### **New and revised accounting standards applicable for the first time to the current half-year reporting period**

The Group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the Group, including:

*AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* which requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current half-year period. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its half-year financial statements

#### NOTE 3 – DIVIDENDS

An interim unfranked dividend of 1.25 cents per share was paid in April 2012 (0.50 cents previous period) and a final unfranked dividend of 1.00 cents per share was paid in October 2012 for the year ended June 2012 (Nil cents previous period).

**PROPHECY INTERNATIONAL HOLDINGS LTD & CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

**NOTE 4 - OPERATING SEGMENT INFORMATION**

**(a) Segment performance**

	<b>2012</b>							
	Prophecy International Holdings Ltd	Prophecy International Pty Ltd	Prophecy R&D Pty Ltd	Promadis Pty Ltd	Intersect Alliance International Pty Ltd	Prophecy Americas Inc	Prophecy Europe Limited	Total
	\$	\$	\$	\$	\$	\$	\$	\$
External sales	50,000	1,277,415	-	681,206	1,311,763	794,288	30,215	4,144,887
Intersegment sales	-	671,564	-	-	-	125,027	5,970	802,561
Other revenue	234	27,436	-	-	24,636	-	-	52,306
<b>Total segment revenue</b>	<b>50,234</b>	<b>1,976,415</b>	<b>-</b>	<b>681,206</b>	<b>1,336,399</b>	<b>919,315</b>	<b>36,185</b>	<b>4,999,754</b>
<i>Reconciliation of segment revenue to group revenue</i>								
Intersegment sales								(802,561)
<b>Total group revenue</b>								<b>4,197,193</b>
Segment profit/(loss) before tax	12,393	659,050	-	101,933	828,821	36,248	(21,309)	1,617,136
<i>Reconciliation of segment profit/(loss) before tax to group profit/(loss) before tax</i>								
Unallocated amortisation expense								(70,000)
Net profit before tax from continuing operations								<b>1,547,136</b>

	<b>2011</b>							
	Prophecy International Holdings Ltd	Prophecy International Pty Ltd	Prophecy R&D Pty Ltd	Promadis Pty Ltd	Intersect Alliance International Pty Ltd	Prophecy Americas Inc	Prophecy Europe Limited	Total
	\$	\$	\$	\$	\$	\$	\$	\$
External sales	50,000	1,290,083	-	612,473	1,003,913	624,973	341,173	3,922,615
Intersegment sales	-	614,467	-	-	-	121,916	9,731	746,114
Other revenue	570	40,587	-	1	594	-	-	41,752
<b>Total segment revenue</b>	<b>50,570</b>	<b>1,945,137</b>	<b>-</b>	<b>612,474</b>	<b>1,004,507</b>	<b>746,889</b>	<b>350,904</b>	<b>4,710,481</b>
<i>Reconciliation of segment revenue to group revenue</i>								
Intersegment sales								(746,114)
<b>Total group revenue</b>								<b>3,964,367</b>
Segment profit/(loss) before tax	15,361	698,645	-	(78,047)	677,390	164,063	(211,344)	1,266,068
<i>Reconciliation of segment profit/(loss) before tax to group profit/(loss) before tax</i>								
Unallocated amortisation expense								(61,012)
Other unallocated items								6,630
Net profit before tax from continuing operations								<b>1,211,686</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

**NOTE 4 - OPERATING SEGMENT INFORMATION (continued)**

**(b) Segment Assets**

**31 December 2012**

	Prophecy International Holdings Ltd	Prophecy International Pty Ltd	Prophecy R&D Pty Ltd	Promadis Pty Ltd	Intersect Alliance International Pty Ltd	Prophecy Americas Inc	Prophecy Europe Limited	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets	<b>8,118,528</b>	<b>13,837,125</b>	<b>222,589</b>	<b>520,460</b>	<b>1,239,691</b>	<b>525,773</b>	<b>1,758,396</b>	<b>26,222,562</b>

*Reconciliation of segment assets to group assets*

Inter-segment items eliminated on consolidation	(21,134,561)
Current tax assets	(3,461)
Deferred tax assets	870,134
Intangible assets	3,846,992

**Total group assets**

**9,801,666**

	Prophecy International Holdings Ltd	Prophecy International Pty Ltd	Prophecy R&D Pty Ltd	Promadis Pty Ltd	Intersect Alliance International Pty Ltd	Prophecy Americas Inc	Prophecy Europe Limited	Total
	\$	\$	\$	\$	\$	\$	\$	\$

Segment asset increases for period:

Capital expenditure	-	-	-	1,178	11,953	-	-	13,131
Acquisitions	-	-	-	-	-	-	-	-
	-	-	-	1,178	11,953	-	-	13,131

**30 June 2012**

	Prophecy International Holdings Ltd	Prophecy International Pty Ltd	Prophecy R&D Pty Ltd	Promadis Pty Ltd	Intersect Alliance International Pty Ltd	Prophecy Americas Inc	Prophecy Europe Limited	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets	<b>7,854,975</b>	<b>13,207,519</b>	<b>222,589</b>	<b>424,156</b>	<b>1,351,039</b>	<b>701,606</b>	<b>971,040</b>	<b>24,732,924</b>

*Reconciliation of segment assets to group assets*

Inter-segment items eliminated on consolidation	(21,373,416)
Current tax assets	149,295
Deferred tax assets	1,273,972
Intangible assets	3,914,494

**Total group assets**

**8,697,269**

**PROPHECY INTERNATIONAL HOLDINGS LTD & CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE HALF - YEAR ENDED 31 DECEMBER 2012**

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**NOTE 5 – SHARE CAPITAL**

During the six months ended 31 December 2012 the company did not issue any shares.

**NOTE 6 – SUBSEQUENT EVENTS**

There have been no subsequent events since 31 December 2012.

**NOTE 7 – CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since last annual reporting date.

**PROPHECY INTERNATIONAL HOLDINGS LTD**

**DIRECTORS' DECLARATION  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

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The Directors of the company declare that:

1. The financial statements and notes as set out on pages 4 to 11 are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December, 2012 and its performance for the half year ended on that date; and
  - (b) comply with Accounting Standard AASB 134: Interim Financial Reporting.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors



.....  
Ed Reynolds



.....  
Leanne R Challans

Signed at ADELAIDE, this 26<sup>th</sup> February 2013.



## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PROPHECY INTERNATIONAL HOLDINGS LIMITED**

We have reviewed the accompanying half-year financial report of Prophecy International Holdings Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The directors of Prophecy International Holdings Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Prophecy International Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

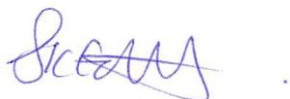
**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Prophecy International Holdings Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

*Grant Thornton*

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP  
Chartered Accountants



S K Edwards  
Partner

Adelaide, 26 February 2013