



# Prophecy International Holdings Ltd.

(ASX:PRO)

Level 2, 124 Waymouth St  
Adelaide SA 5000 Australia  
Phone: + 61 8 8211 6188  
Fax: + 61 8 8211 6224  
info@prophecyinternational.com

## COMPANY ANNOUNCEMENT 12<sup>th</sup> November 2010

### PROPHECY INTERNATIONAL HOLDINGS LIMITED AGM 2010

Ladies and gentleman, good morning and welcome to our Annual General Meeting for 2010.

As we recently announced, the 2010 full year result was disappointing. Our sales cycle timelines were extended as potential customers struggled to find budgets for new system implementations. The slowing sales process resulted in less revenue for the year with less profit as a result, whilst expenses were controlled.

We believe that the sales cycle has now picked up again, and our prospect funnel for sales is looking very healthy again. One of the delayed sales was completed and recently announced to the market and this provides an indication that sales revenue will be on the mend for this financial year. Our current level of activity at this time of the year favours an improved full year result for 2010/2011.

#### Results Summary:

I will now summarize the results for the 2009/2010 year as announced in our annual report which has been distributed to all shareholders.

- Revenue for the year came in at \$5.053 million, which was down 21% from the previous year.
- Employee expense came in at \$3.390 million, up \$233k from last year, due to additional staff.
- Depreciation came in at \$106k, down from last year.
- The Other expense line was at \$.905million, which was down \$400k from last year.
- The overall expenditure was \$4.401 million, about the same as last year.
- The overall profit before tax for the year was \$.652 million versus \$1.838 million from last year.
- Our cash position for the year end stood at \$4.449 million compared to \$5.404 million last year.
- Cash is currently at \$4.013 million after having paid out the latest dividend.

**Highlights of the last year include:**

- Our cash position has remained solid in this current climate.
- Prophecy successfully completed the major project for basis2 at Philadelphia Water .
- Prophecy successfully completed the basis2 project for the Texas Commission on Environmental Quality
- Our partner Giza Systems launched the basis2 implementation project for HCWW in Egypt, including the production of an Arabic version of basis2 for the Middle East market.
- Prophecy completed the acquisition and integration of software house Promadis Pty Ltd.
- A very strong working relationship was established with Capgemini to enable comprehensive end to end bids for larger deals in the utilities market space.

**Expectations for the 2010/2011 year include:**

- The introduction of the first of the Promadis product line to the USA market this year.
- A continuation of seeking to find another suitable acquisition target to add to revenue and profit growth.
- Achieving another large partnership to take our solutions into a growing sector of the world market for utility solutions.
- We are striving to regain the pattern of profitability established over recent years.

**Value:**

Our share price has climbed as high as 66 cents since last year's AGM, but has dropped as low as 23 cents after the full year profit result.

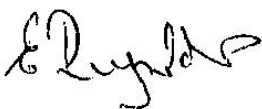
The current share price appears to reflect the lower full year profit, but has yet to price in the improving marketplace that we now find ourselves in.

Longer term value should appear we believe, as our actions through the year start to bear fruit again.

**Thank-you:**

I would like to thank all of our staff for their dedicated efforts over the course of the year. We could not continue to get the job done without that effort.

Thank you for your attendance today.



Ed Reynolds  
**Chairman**

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For more details visit [basis2.com](http://basis2.com)  
Contact: [info@prophecyinternational.com](mailto:info@prophecyinternational.com)  
or call +61 (08) 8211 6188