



Prophecy International Holdings Ltd.

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COMPANY ANNOUNCEMENT 23rd November 2012

PROPHECY INTERNATIONAL HOLDINGS LIMITED AGM 2012

Ladies and gentleman, good morning and welcome to our Annual General Meeting for 2012.

Our financial result for the 2011-2012 year was a much improved one, with a profit of \$1.229m before tax and a final dividend of 1 cent per share to bring the full year dividend up to 2.25 cents compared to half a cent last year. This result was very close to the \$1.25m forecast at last year's AGM. We are positioned to improve on that result in this current financial year.

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. We believed that the SNARE product line 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. With 16 months of operation under our control now, we have just this week, passed the \$3m mark in invoiced revenue and have beat all of our projections for this business. It is a great business with great future potential.

Intersect is a software business that generates a strong cash flow with multiple regular sales generating a positive cash position each month. This profile of a larger number of 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 \$5,000 to \$80,000 range with a smaller number over \$100,000. Maintenance services tend to range from \$1,000 to \$16,000 and consulting services are also provided.

The 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 other 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.

We have signed a new partner in North America to capitalize on the size of the sales opportunity there, and we have added our own sales resource, administration resource and management to position the business for further growth.

The SNARE products work very well with a number of other well known market leading products in the security arena. We have concluded an OEM agreement and continue to work a number of opportunities to sign OEM agreements such that the SNARE products can be integrated with these other products and sold as a total solution. This is an exciting business with great potential going forward.

Our recent ASX announcement shows an outstanding partial list of clients that have utilized the SNARE products and these names provide great references in the sales process.

PROMADIS

The team has been working on a number of major projects during the course of the year, to upgrade and expand the Births Deaths and Marriages solution run by the ACT government. The new database and enhanced user functionality means that additional features can be added quickly, as and when they are needed. This new system is capable of processing many different forms of registry data and has application beyond the BDM arena.

Users of the BDM solution include South Australia, Northern Territory, ACT and the country of Nauru. Our expertise in this area is very well respected and recognized. Continued development has been able to further improve our packaged solution for this market space. There has been wide interest in our BDM registry software as a result, both in Australia and overseas. We expect to see growth in this area from this very strong base.

On the strength of these new projects, Promadis is now showing a profit situation in this current half and will continue this positive position through to a full year profit position in June 2013.

BASIS2

As we announced during the year, our sales efforts did win out in the Basis arena, with two new Utility software sales concluded. The City of Yonkers in New York State signed for a new water billing system and that project has been running through the course of this calendar year. The go live process will be commencing in early 2013 as a result of a great effort by our consulting team. In addition, we closed a new deal for a water billing solution for the city of Addis Ababa in Ethiopia. Our partners in the Middle East and Africa see additional business opportunities in that region.

During the course of the year we also concluded our part of the project activities for the Arizona Department of Environmental Quality, rounded out a very solid project year.

Toward the end of the year, we began work with a new partner WNS, to provide training so that we can commence a project to provide a basis2 Cloud based solution. This is an area for expansion and a number of new prospects are being worked by WNS.

We have a healthy set of prospects for new sales in train currently, but these are difficult to forecast because of the lengthy sales lead times involved.

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 once again be met. Our Legacy solutions have continued to provide stable and secure services for our traditional customers. Those systems have performed very well over the past year and maximum uptimes have been achieved.

Our e-Foundation rapid application development software continues to show its strengths with timely delivery of customer enhancements in short time periods.

OVERALL PROJECTION

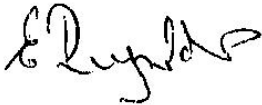
Our half year revenue is expected to match last year's very good result, which means that we have been able to maintain the positive momentum that we set in motion a year ago. As a result, we expect to be able to show a half year profit similar to last year at about \$1.2m before tax. Based on that result, the board plans to be able to issue a healthy half year dividend again.

Current projections show that our full year revenues should come in at just over \$7m, which will show a boost against last year's result . Based on that projection, the full year profit should come in at about the \$1.7m mark, which will provide a healthy increase on last year's result. A full year dividend is therefore also expected again to round out a very healthy year.

CONCLUSION

The 2011-2012 full year showed a return to healthy profits and dividends as forecast, and we expect to improve on that position for the full 2012-2013 year. Our year to date position shows a very good start to this half and the full year prospects for profit look very healthy at this point. As usual, there is much work to be done to get there.

Thanks to all of our staff who have performed this work through the year 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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