



Prophecy and Imass strengthen partnership with new agreement



We've recently signed a heads of agreement with our UK partner, Imass, to globally distribute their customer contact management, service order management, visualisation and mobile working

software as part of the basis2 suite of customer information systems for utilities.

This is a very exciting development for both companies as Imass has a deep understanding of the business and IT requirements of utilities, and Prophecy has a worldwide network of partners for distribution. Combined with the strengths of basis2 as a billing and customer information system, this makes the whole solution a very compelling purchase for any utility.

Dean Littlefield, CEO of Prophecy's Utilities business sealed the deal on a recent trip to the UK and said:

"This extends the basis2 software coverage and provides increased value to our utility based customers. The systems will integrate Customer Information, Geographic Information and Asset Management systems and improve the management of a utilities' mobile workforce."







Imass Commercial Manager, Dave Hudspith commented:

"Imass welcomes the opportunity to bring our products to other markets through this innovative arrangement. The technical teams from both our organisations look forward to ensure that we deliver the best possible integrated solution to our customers in the utility sector. I am sure that the success we have enjoyed already in winning the project to deliver the basis2 solution to Cambridge Water, who also use Imass mobile mapping systems, will be repeated around the world by Prophecy and their partners in other countries."

Imass' Customer Contact management will assist utilities to better manage customer enquiries; Service Order management provides an integrated set of tools to improve the coordination and management of unplanned asset maintenance; Visualisation and Mobile working will assist customer service agents and maintenance crews in serving their customers more effectively.

Prophecy will distribute the software through its worldwide network of partners and is currently finalizing plans and a launch date for the combined suite of products.

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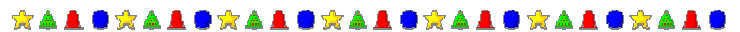
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Annual General Meeting 2004

Prophecy International Holdings Limited's Annual General Meeting was held on Friday 29th October 2004 at the Next Generation Health Club, War Memorial Drive, Adelaide, South Australia.

The Chairman, Bob Shaw, reported on the company's progress and achievements over the 2003/2004 Financial Year.

The Chairman's presentation is available at ProphecyInternational.com under the Investor Relations section.



Seasons Greetings

The Board and staff at Prophecy would like to wish everyone a very happy Christmas and a safe and prosperous new year. We thank you for your ongoing support of Prophecy and look forward to sharing with you many positive outcomes in the New Year.



Managing South Australia's Water Matters

We scored a home win when the e-Foundation software development for the Department of Water Land and Biodiversity Conservation (DWLBC) was recently commissioned to support water officers throughout South Australia.

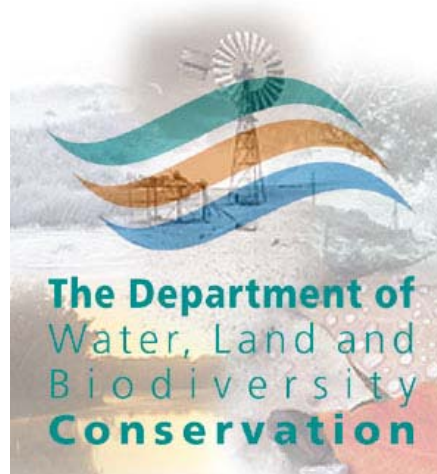
DWLBC selected Prophecy International and its rapid application assembly software, e-Foundation, to develop WILMA (Water Information and Licensing Management Application) which will deliver enhanced licensing and management reporting for the Department. The development was successful and able to meet tight timelines because of the power and flexibility of the e-Foundation technology environment and the experience and expertise of the Prophecy staff.

The strategic system will manage water allocation, licences, various water-related permits, and administrative functions in its first release. Additional functionality is on the drawing board to extend the system's support to salinity management, water trading, support for regional variation, and other business areas.

The intricate design and development of WILMA has meant Prophecy has gained an in-depth understanding of

water licensing and water transfer management. WILMA also manages permits for well drilling in the State and collects and disburses funds for water usage, meter rentals, and related charges.

The Departments' initial apprehension about leaving a fifteen-year-old legacy system has evaporated as understanding of the more powerful and function rich WILMA system grows. Prophecy International is delighted to have completed this work and looks forward to helping develop new initiatives in WILMA.



Well travelled basis2 partners in Pakistan

Pakistani Oracle Partner, Ora-Tech Systems, has chosen to partner with basis2 as its billing and customer information system (CIS) offering. Already experienced within the utility sector, Ora-Tech saw the basis2 partnership as the perfect vehicle to gain additional business within the utilities sector in Pakistan and surrounding countries.

Ora-Tech's Chief Operating Officer, Ali Abedi, is buoyed by this partnership and commented:

"basis2 completes our Oracle portfolio as a billing and CIS system was the missing link. What I really like about this partnership is the timing; in Pakistan utility companies are switching over from legacy systems to the latest billing system technology with CRM features. They are also looking for features like call centres."

As Oracles' largest and oldest partner in Pakistan and with offices throughout the country and the Middle East, Ora-Tech is well positioned to leverage their existing relationships and offer a complete Oracle solution to existing and new Utility clients.

www.ora-tech.com

basis2 extends reach in North America

Prophecy International has dramatically extended its basis2 product presence in the large North American utilities market after appointing new partner, Blackwell Consulting Services.

Based in Chicago USA, Blackwell will sell basis2 into the Public Sector Utility market with an initial emphasis on the heavily populated South East and Mid West Regions.

Blackwell is excited about the basis2 partnership adding a new dimension to their existing Oracle practice, which now allows them to offer a full Oracle suite of applications to Utilities.

Peter Barzen, Prophecy's Americas Manager said: "Blackwell, like many other Oracle partners, had found themselves without a competitive

footprint in the utilities market. The US Public Sector has just over 9,000 utilities managing close to 100% of the US water market as well as a significant amount of the Energy market. With basis2 completing the Oracle E-Business utilities footprint, Blackwell, like our other basis2 partners, now have an opportunity to compete for the significant utilities market business, which according to research organization Utilipoint, has 16% of the market out for a replacement CIS."

Peter added:

"With the complete utilities footprint, our Oracle partners can effectively differentiate themselves from many of the competitors that only offer a part of the solution or have disparate systems cobbled together."

Blackwell and the Prophecy Americas team are already working on a number of joint opportunities.

www.bcsinc.com



Challenges for basis2 & Future Trends in Power Measurement and Billing

A recent press release from the Essential Services Commission of Victoria heralds the beginning of a significant development in how we measure, use and pay for utilities' services. What this means for basis2 is an opportunity to position the product as one of the only billing and CIS systems that has the scalability to cope with the huge increases in data that more frequent meter reading will bring. The system must also have the ability to provide real time information on pricing and usage. We'll explore further implications in the next edition of Insight.

As far as we know, Italy is the only other energy market that is more advanced in the use of smart meters than Victoria. More information follows:

Improved metering to enhance competition and efficiency in electricity supply

The Essential Services Commission recently released a final decision to require the phased introduction of new electricity meters that will produce efficiencies in Victoria's electricity supply. The decision mandates a rollout of interval (or smart) meters, which record consumption of power at the time of day when it occurs. This will allow electricity customers to better understand and manage their usage of electricity and enable retailers to offer prices that reflect variations in the cost of energy at different times of the day.

Benefits for customers

According to Commission Chairperson, Dr John Tamblyn, "The new meters use state-of-the-art digital measurement technology and will replace the existing electromechanical meters used by Victorians for around 100 years".

"More accurate, time-of-use information will allow retailers to offer more cost reflective prices and develop innovative retail products and services which more closely match Victorian's energy usage patterns and preferences."

"The availability of time-of-use information will also enable customers to manage their own energy consumption patterns more effectively and to choose

retail price/service offerings that will lower their power bills."

Future energy cost savings

Dr Tamblyn noted that interval meters will establish a platform for the introduction of new technologies such as two-way communication, remote meter reading and automated usage control options. These innovations, which are not possible with existing meters, would promote improvements in power supply and demand management, lowering energy costs and customer bills in the future.

Improved management of power supply and demand resulting from the time-of-use information provided by interval meters will also assist in smoothing the weather related peaks in Victoria's electricity demand. This would lower future power supply costs by reducing the need for under-utilised reserve generation capacity and delaying the need for investment in new generations to meet the future peak demand growth.

Implementation Timeframe

The new meters will be phased in gradually with the large commercial sector going over to new meters by 2008, business and large household consumers by 2011, small business and household consumers completed by 2013 with new or replacement installations beginning in 2006.

The Commission's final decision is outlined in a paper – "Mandatory Rollout of Interval Meters For Electricity Customers – Final Decision", which is available at www.esc.vic.gov.au.

basis2 Completes Package for Malaysian Utility Outsourcing

Prophecy International and Infortige have signed an outsourcing reseller agreement.

Infortige is a Malaysian based company who provide billing outsourcing services to the utility industry. Their unique business model is based on providing a full billing service, (meter reading, bill generation, production and dispatch) including Customer Service functions, to their utility customers. basis2 will now be part of their solution set and specifically caters for billing and customer information functions.

Andy Wong, Asia Pacific Territory Manager for the basis2 team said:

"This unique partnership and model allows us to address the outsourcing trends and demands from utilities in the SE Asian market. The outsourcing model is particularly attractive in Asia due to the low capital outlay which still gives the utilities access to new and modern Customer Information Systems to improve their customer service as

well as revenue management. Utilities are saving money and time by offloading costly infrastructures and ongoing maintenance costs for both hardware and software operations. It allows the utility to focus on their core business of providing their particular utility service."

The outsourcing model is becoming increasingly popular as utilities strive to focus on their core operations. They can be assured that their revenue stream (generated by the CIS Billing) is protected by an outsourcing organisation that has a vested interest in making sure that bill generation and customer service is accurate, flexible, timely and of a very high standard.

The Prophecy team is excited by the partnership with Infortige as it gives basis2 a wider market penetration in the key and emerging South East Asian markets and will position Prophecy to take advantage of greater demand from the modernising utilities in the area.

New Lawyer

Welcome to Alison Evans, who recently joined as our in house lawyer. Her position is part time, mainly working from home or as needed in Head Office for meetings and / or conference calls.



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Suggestion Box

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