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24<sup>th</sup> February 2011

Company Announcements Office  
ASX  
Level 6  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sirs,

**31<sup>st</sup> December 2010 Half Year Results Announcement**

Please find attached statement by Directors.

Yours faithfully



**Andrew R Wilson**  
**Company Secretary**

**Highlights for the Half Year to December 31, 2010 compared with the first half of the previous year:**

**Net Loss Before Tax \$1.60 million**

***Financial Highlights***

- Full effect of Telstra contract loss, difficult trading environment sees Consulting Revenue down 32%;
- Maintains product sales volumes, but at lower margins;
- Delay in some large projects, continued depressed economic conditions in Europe & USA impacts product revenue, down 25%;
- Currency losses of \$235K from stronger AUD; and
- Senetas remains debt free with strong sales pipeline.

***Operational Highlights***

- Cloud-based solution, MonitorStream goes live
- Senetas Releases VLAN Encryption Hardware
- Strategic expansion of reseller network
- Government data-loss regulations boost inquiries in overseas markets
- Increased cyber-risk to sensitive data and personal communications stimulating interest and enquiries

MELBOURNE 24 February 2011: The Board of Senetas Corporation Limited (ASX: SEN), the world's leading developer and supplier of data protection solutions based on certified encryption technologies, today announced its results for the half year to December 31, 2010, reporting a loss of \$1.55 million on revenues of \$5.91 million. Directors said the results were significantly impacted by lingering effects of the global economic crisis holding up orders in Australia and in key foreign markets for its technology, particularly Europe and USA, plus the delay of some major communications projects.

The company's consulting revenue stream was down 32%, feeling the full loss of \$1.2 million in revenue following Telstra's decision last June to cancel a long-running Senetas contract in favour of an offshore outsourcer.

Senetas CEO and acting Chairman, John DuBois, said the company achieved its budgeted sales volumes for the period; however the mix of products sold included a large number of lower-speed encryptors to offshore markets, yielding lower margins due to higher cost of goods and a \$253k currency loss from the stronger Australian dollar.

He said the company continued to innovate and to invest in new technology platforms, committing almost \$1 million in the period on its new 6100 encryption platform; development of a High Assurance encryptor to secure Government

communications; release of Senetas VLAN encryption hardware; finalisation of Senetas Encrypted Application Services platform and successful deployment of the first application, MonitorStream, now securely monitoring network infrastructure across a private cloud for a Victorian government agency.

Mr DuBois said the company also continued its significant investment in certification and accreditation of its technology to global standards, necessary for ongoing sales to governments. During the period the company commenced further certification processes that will allow Senetas its first access to significant sales opportunities within a foreign government and its agencies.

Total revenue for the half year to December 31, 2010 was \$5.91 million compared with \$8.20 million for the same period in 2009. The net loss after tax of \$1.55 million to December 31, 2010 compared with a profit of \$450k for the previous corresponding period. Directors said Senetas remained cash positive and debt free. Having recently taken steps to strengthen its Australian sales and marketing team, the company also appointed new sales channel partners in Australasia, Europe and South East Asia.

Directors said Senetas had a strong sales pipeline and recent reports from industry analysts pointed to stronger projected sales for data protection solutions in foreign markets. Many of these markets were seeing sales driven by legislation that mandates reporting of information breaches. Should Australia adopt similar privacy breach legislation, Directors believe this will positively impact sales of the company's encryption as well as its secure cloud services and solutions.

In light of the difficult climate, the Company expects its 30 June 2011 Full Year Profit before Tax to be within the range of (\$500k) to \$500k

#### ABOUT SENETAS

Senetas Corporation Limited (ASX Code: SEN) is an Australian ASX-listed company and is the world's leading developer and supplier of high speed network encryption hardware. Its products are accredited to the highest international government security standards, including FIPS 140-2 Level 3 and Common Criteria EAL4+. Customers include Government departments, military, and law enforcement agencies in the USA, Australia, the Middle East, Asia, and Europe as well as some of the world's leading financial institutions. Senetas is currently represented in over 40 countries through its own network of resellers and fulfilment channel partners.

#### **For further information contact:**

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