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17th June 2011

Company Announcements Office
ASX
Level 6
20 Bridge Street
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Dear Sirs,

SENETAS MARKET UPDATE

Please find attached statement by Directors.

Yours faithfully



Andrew R Wilson
Company Secretary

SENETAS MARKET UPDATE

Senetas expects loss on weaker global economy, slower government spending in ANZ and stronger AUD.

MELBOURNE 17 June 2011: The Board of Senetas Corporation Limited (ASX:SEN), the world's leading developer and supplier of high speed network encryption, today issued a market update that it expected to record a net loss before tax of between \$3 million and \$4 million for the year ended June 30 , 2011.

The company previously announced a net loss of \$1.6 million for the half year to December 31, 2010 citing difficult global economic conditions, ongoing delay of data security projects within Australian governments and the decision by Telstra to outsource and offshore a long-standing contract with Senetas' Consulting Division. Since then, Directors noted, global markets had remained depressed, but the company was also impacted by the significant appreciation in the Australian-US Dollar exchange rate and the continued poor performance of a key US distributor for its technology.

"During the current fiscal year we invested almost \$2 million in new product development and in enhancing our sales and distribution channels so we were positioned to take advantage of emerging markets and accelerate growth," CEO and Chairman, John DuBois said.

"We continue our R&D efforts, firstly in our globally certified encryption platform, upgrading to full turnkey manufacture with lower cost of goods, smaller footprint, inbuilt redundancies and enhanced functionality; and secondly we developed our MonitorStream solution then commercialized it and now it is being actively marketed in Australia and Asia.

"Lingering effects of the GFC remain and the global economy is still in a challenging state, but we are confident that these investments will provide us returns in the next financial year and coming years," he said.

Mr DuBois said the Board recently undertook a full strategic review, during which it also examined the structure of international distribution relationships. As a result, the company moved to strengthen and increase its presence in Europe and the USA to take advantage of a much larger marketplace for Senetas certified encryption technology, where the data protection market is more mature and driven by government regulation.

The company remains in a solid financial position, is debt free with cash reserves, and has a growing sales pipeline, particularly in the US and UK following recent expansion in these areas. After the acquisition last year of Senetas Europe and the appointment of UK

reseller Tellemachus, the company announced the appointment of US reseller, Scout Industries.

And in a significant move that will positively impact future growth opportunities, Senetas recently entered CAPS evaluation, a UK certification program which will allow its encryption technology to be sold to Her Majesty's Government and its agencies. Senetas encryptors are already certified to the two other major global accreditation standards – Common Criteria EAL4+ and FIPS 140-2 Level 3.

Directors expect the company's financial performance to improve as these opportunities are realised, particularly given the growing global incidence of sophisticated cyberthreats to national security and intellectual property.

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About Senetas: Senetas Corporation Limited (ASX Code: SEN) is an Australian ASX-listed company and is the world's leading developer and supplier of data protection based on high speed encryption. 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 as well as some of the world's leading financial institutions in USA, Australia, the Middle East, Asia, and Europe.

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