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25th August 2011

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

SENETAS full year results to June 30, 2011

Please find attached statement by Directors.

Yours faithfully



Andrew R Wilson

Company Secretary

SENETAS full year results to June 30, 2011

Senetas records loss, but has new products, new sales channels and strong pipelines for global growth

MELBOURNE 25 August 2011: The Board of Senetas Corporation Limited (ASX:SEN), announced today that the company recorded a net loss before tax of \$5.3 million for the year ended June 30, 2011, which includes a \$2 million write off of intangibles.

The intangible written off was a goodwill asset resulting from the 2001 purchase of IBK, part of the consulting practice. Excluding the intangible write off, the result was a loss before tax of \$3.2million and in line with the company's mid-June market update of a loss before tax between \$3 and \$4 million.

Directors reported that 2011 had been a difficult year for the company:

- The IT Consulting division felt the full effect of the loss of a large long-term Telstra contract and delays in other consulting work that saw revenue down 36%, although the division contained costs to remain profitable;
- Product divisions revenues fell 20% due to delays in domestic and international sales, resulting from continued depressed economic conditions particularly in Europe & USA;
- And the strength of the Australian dollar resulted in currency losses of \$289K.

Against this sobering background, Senetas' product division experienced a marked increase in enquiry from new and potentially very substantial distribution partners and end-customers, including via its new subsidiary, Senetas Europe (see below). Encouraged by this, Senetas continued its investment in sales resources and R&D to maintain its product advantage in both its network encryption technology and application solutions platforms. Since 2009 Senetas has been developing its new generation CN6-series encryption platform, committing \$1 million to this project over the past financial year.

The company's operating costs also reflect \$1million dollars of other investments: domestic sales staff (\$250k), acquisition of 100% of a UK business now re-launched as Senetas Europe (\$600k) and R&D on the company's secure application platform - MonitorStream (\$250k).

Senetas remained well positioned to take advantage of the intensified focus on communications security in many major markets, reflecting increasing government regulation flowing from concern over a number of high-profile security breaches. Management are optimistic that deferred sales will be won, that Senetas' strongest markets (USA, Europe and ANZ) will rebound more strongly, and that emerging

markets (Middle East, Africa and South East Asia) will show increased interest in globally-certified data protection technologies in which Senetas is a market leader.

International Sales:

Over the past year the company strategically expanded its reseller network including the acquisition of its UK subsidiary, Senetas Europe, and appointment of two new resellers in the USA.

Directors said a series of Proof of Concept trials of various Senetas encryption products, recently undertaken in North America, may, on completion, lead to significant growth in the company's revenue streams from this region. Senetas is also confident that its recently-announced partnership with SELEX Eltag UK, part of the multi-billion Euro Finmeccanica group, combined with successful entry of the CN1000 128-bit encryptor to the 'in evaluation' phase of CESG CAPS approval, will lead to significant sales growth to the UK government.

Directors said that international sales opportunities now represent 55% of the company's total pipeline. This is a significant increase over previous years and reflects our activities and strategic focus on international markets for growth.

In Australia and New Zealand, Senetas has re-configured its sales effort to a channel partner business model and away from direct sales. This has already increased the opportunities and addressable market for Senetas encryption technology, and is expected translate to increased sales during 2012 and 2013. Among the new reseller channels for Senetas are multinational IT companies with well-established customer bases across a broad range of government and industry sectors.

Operations Highlights:

Among the 2011 operations highlights were:

- Successful development and release of the Cloud-based solution, MonitorStream, which utilises the company's skills in IBM Tivoli applications and network encryption, now being actively marketed by Senetas and its channel partners in Australia and overseas;
- Senetas enhanced its encryptor capabilities to include Virtual Local Area Network (VLAN) Encryption, a scalable, less complex, more cost effective solution incorporating auto discovery, fault tolerance and self-healing network awareness;
- Final testing of the company's new CN6-series encryption platform with important benefits for users and the environment, which also provides Senetas with a roadmap to address emerging 40Gbps and 100Gbps network standards.

The company maintains its commitment to significant investment (both financial and man-hours) in global security certifications for its technology. Senetas has the only dual-certified (Common Criteria EAL4+ and FIPS 140-2) high speed network encryptors on government evaluated products lists and recently its CN1000 128-bit encryptor entered the 'in evaluation' phase of CESG CAPS approval in United

Kingdom. Achieving CAPS certification will allow UK Government and Public Sector departments to use Senetas Encryptors to meet their Baseline (IL3) security and compliance needs.

Customer and partner interest, both in ANZ and internationally continues to grow in the company's unique Encrypted Application Services Platform and its initial solution, MonitorStream. MonitorStream will be launched in South East Asia and Europe during the coming year and the company is investigating other applications suitable for embedding in the platform to deliver secure cloud-based services.

New business and repeat engagements, including a three-year appointment to the Victorian Government's eServices panel should see the Consulting division record increased revenues during 2012.

The Directors reaffirmed that the company remained debt free and that management continued its strict cost control. Individual employee cash bonuses were not paid on the basis that overall profit targets were not met.

They said the company remained vigilant for opportunities to grow product and consulting solutions revenues through partnerships or, where appropriate, acquisitions of strategically-aligned businesses.

About Senetas

Senetas Corporation Limited (ASX Code: SEN) is an Australian ASX-listed public company and is the world's leading developer and supplier of high speed network encryption hardware products. Senetas encryption technology has been independently tested and accredited by the world's leading agencies and now offers the only multi-accredited encryption hardware - certified to both FIPS 140-2 Level 3 and Common Criteria EAL4+, while the Senetas CN Series high speed network encryptor is in the 'in evaluation' phase of CESG CAPS approval in United Kingdom. Senetas is now represented in more than 40 countries. Customers include Government, military and law enforcement agencies, plus leading financial and banking institutions in Australia, USA, Middle East, Asia, UK and the EU.

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