

25 January 2016

ASX ANNOUNCEMENT

SENETAS CORPORATION LIMITED: MARKET UPDATE

The Board of Senetas Corporation Limited (ASX:SEN) (Senetas / the Company) provides the following market guidance in relation to its financial results for the half year ended 31 December 2015.

Following confirmation of the December 2015 sales results from the Company's major distribution partner, Gemalto, SEN now expects to make a Net Profit Before Tax of between \$1.7m and \$1.8m for the six months ended 31 December 2015.

This result is below expectation and lower than the Net Profit Before Tax of \$2.8m achieved for the half year ended 31 December 2014. Half year sales were impacted by two key factors. Firstly there were delays to key government contracts and secondly, there was some temporary sales disruption during the period resulting from the restructure of Gemalto's sales team. This restructure resulted after Gemalto's acquisition of SafeNet Inc. Delayed contracts are expected to be completed by 30 June 2016. With the acquisition of SafeNet Inc behind it, Gemalto continues to forecast good growth in sales for SEN's products during the 2016 calendar year.

The half year profit has also been impacted by the planned \$1.6 million increase in research and development (R&D) expenditure during the 2016 financial year. This was forecast in the Company's 2015 full year profit announcement.

Current expectations are that second half 2016 profit before tax will be similar to or slightly higher than the prior corresponding period which will result in a Net Profit Before Tax of approximately \$5 million being achieved for the full year to 30 June 2016.

Progress on SEN's development of new products including the 100Gbps encryptor and other R&D growth initiatives continues as planned and industry interest in these products, particularly the 100Gbps encryptor, remains strong. A more detailed update on these initiatives and further information in relation to the results for the half year ended 31 December 2015 will be released with the Appendix 4D, Half Year Report and announcement on or before 28th February 2016.

About Senetas Corporation Limited

Senetas is a leading developer and manufacturer of high assurance encryption hardware; dedicated to protection of network-transmitted data without compromising network performance. Senetas CN encryptors are distributed globally.

While the serious security risks to network data have been underestimated; Senetas encryptors have protected much of the world's most sensitive information for 20 years.





Senetas encryptors provide best-of-breed authenticated encryption. They are multi-certified by the world's leading independent international testing authorities such as FIPS and Common Criteria, making them suitable for government and defence use.

Senetas encryptors protect: Cloud and Data Centre services and traffic; CCTV networks; critical industrial and infrastructure control systems (SCADA); and all topologies of multi-site networks. Their best practice Encryption Key Management makes Senetas encryptors ideal to protect government information and secrets; commercial intellectual property and business secrets; defence and military information; Big Data and banking transactions.

Senetas designs, develops and manufactures in Australia. Our encryptors have leading performance benefits and are trusted to protect network transmitted data in more than 30 countries.

Our customers include global market leaders, governments, Cloud, Data Centre and networks service providers, such as US defence forces and global commercial and industrial organisations.

www.senetas.com

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