



Appendix 4D

Senetas Corporation Limited				
ACN	final (tick)	Half -Year ended		
006 067 607	√	31 December 2009		
For announcement to the market				
	31-Dec-09	31-Dec-08	Increase	%
	\$	\$	\$	
1. Revenues from ordinary activities	8,204,731	6,940,171	1,264,560	18%
Net Profit (Loss) from ordinary activities after tax	450,072	141,812	308,260	217%
Net Profit (Loss) attributable to Outside Equity Interest	-	-	-	-
2. Profit (loss) from ordinary activities after tax attributable to	450,072	141,812	308,260	217%
3. Amount of Interim dividend	No interim dividend is proposed			
4. Record date for determining entitlements to the final dividend	N/A			

5. Brief Explanation of figures 1 to 4

Highlights

- **Net Profit Before Tax \$538,000**
- **Security Product Revenue up 69% with Contribution up 130%**
- **Consulting Revenue down 10%**
- **Operating Cashflow up 151%**
- **Senetas further improves technology**
 - gains upgraded EAL4+ Common Criteria certification across product range
 - releases enhanced Ethernet Multicast (Pat.pend) functionality
 - demonstrates Ethernet encryption over MPLS networks
 - success in high performance encryption of CCTV and Satellite
 - encouraging progress on High Grade encryptor product
 - enhances manufacturing capability for higher volumes
- **Senetas continues to win new and repeat business**
 - successful proof-of-concept encryption projects in Brunei & Thailand
 - significant repeat orders with a major Australian Government agency
 - wins first deal with UK Government
 - extends reach to 40 countries through expanded reseller channel
- **Senetas enters new consulting market**
 - Develops Secure Performance Monitoring Service and secures first customer in segment with strong market interest
- **Senetas Remains Debt Free**

Despite lingering effects of the global financial crisis and increased price pressure, the company continued to win business, Revenue from sales of encryption products rose by 69% compared with the prior corresponding period but included revenues from a sale originally expected to fall into Q3. Nonetheless, the product sales division contribution increased by 130%. At the same time Senetas' engineering group continued its record of innovation in encryption hardware solutions.

Total revenue for the half year to December 31, 2009 was \$8.2 million, compared with \$6.9 million for the same period in 2008. Net profit was \$538,000 to December 31, 2009 compared with \$138,323 for the previous corresponding period and operating cashflow was up 151% over the corresponding period.

ENCRYPTION PRODUCTS

The sales result demonstrated the high regard for Senetas encryption technology, particularly in the Australian domestic market which accounted for most of the revenue. He said the inherent volatility in international markets could continue and this could impact the full year's result. However, there were strong signs that the expanded sales channel could begin to deliver results in the 2011 year, particularly as a result of ongoing Proof-of-Concept installations in Asia and Europe, as well as in Australasia.

Success in winning a bid to provide information security for a Government department in the United Kingdom was a significant breakthrough. He said it was a result of Senetas' achieving dual accreditation for its technology and should lead to other business opportunities for the company in UK and EU government agencies. The recovery of global markets is not synchronised, the general pace of recovery is slow and there is strong competition in the encryption market.

ENGINEERING DEVELOPMENTS

The engineering team, based in Melbourne, has achieved a number of significant milestones during the half year, including completion of an upgraded EAL4+ Common Criteria certification, which involved the company in significant cost and man hours. Senetas is the only dual-certified encryption developer with this higher level accreditation of both EAL4 and FIPS 140/2/3.

Engineering work was completed to enhance the functionality of Ethernet multicast encryption, designed to address the rapid growth of converged network services, so called "triple play" - voice, video and data applications including video conferencing, internet based TV, online gaming, distribution of critical business, plus military data multicast network traffic, which is of increasing importance. Senetas multicast encryption secures data in motion from a host to all members of a multicast group, but it provides a competitive advantage in being fault tolerant with its ability to self-heal network outages and topology changes. This technology is Patent Pending.

In other technology developments during the period, the company successfully demonstrated Ethernet encryption over MPLS networks, demonstrated high performance encryption of CCTV and Satellite broadcasts and enhanced manufacturing capability to meet demand for higher volumes.

The company continues to work closely with Australia's Defence department and has made encouraging progress on the announced High Grade cryptor project to secure secret-level government communications.

CONSULTING

Whilst revenue for the half was down 10%, the Senetas Consulting Division continues to operate profitably. This is a good result because the Division faces difficult market conditions in Australia and increased offshore competition as major Australian corporates outsource IT services to overseas organisations. These factors constantly threaten the company's ability to maintain consulting clients and the overall volume of consulting business. The Division is working hard to preserve margins and win new business and new clients.

Working with major partners, IBM and Microsoft, consulting continues to expand its capabilities to fully leverage the skill sets within its consultant group. It has won a number of engagements for its Microsoft SharePoint expertise, and continues to work in the IBM WebSphere and DataPower environments.

In a move that draws on the company's expertise in encryption with its unsurpassed IBM Tivoli consulting expertise, Senetas Consulting has developed a new Secure Performance Monitoring Service. The SPMS offering provides network monitoring reducing customer costs and headcount and there is strong interest in the solution which has already been sold and is being implemented at its first customer site in Victoria. Senetas believes this new offering has strong growth potential.

CONCLUSION

Senetas performed very well in the first half of the 2010 year. However the directors expect difficult trading conditions for the balance of the fiscal year and there is a risk that significant orders could be delayed by economic circumstances outside Australasia. The soft US market could adversely affect US royalties. Most European markets are not yet in recovery and in the Middle East and other regions we have experienced deferral of some contracts.

Within Australia the Security Division has new product offerings and R&D projects like the Secret-level encryptor continue to keep Senetas at the forefront of its industry. The Consulting Division continues to experience difficult trading conditions in Australia.

Whilst the industry remains volatile it is difficult to accurately predict the timing of sales consequently the Company expects its 30 June 2010 Full Year Profit Before Tax to be within the range of \$0.5 to \$1million.

6. Details of dividend / distribution payments	None	
7. Details of Divided Reinvestment Plan	None	
8. Movements in Retained Earnings	Please refer to the attached Half-Year Financial Report	
9. NTA backing	31-Dec-09 (Cents Per Share)	30-Jun-09 (Cents Per Share)
Net tangible asset backing per ordinary security	1.80	1.69
10. Details of entities over which control has been gained or lost during the period	N/A	
11. Details of Associates / Joint Venture Holdings	N/A	
12. Other information on financial statements	None	
13. Foreign Entities – accounting standards used to prepare report	N/A	
14. Other Information	None	
15. This report is based on accounts which have been reviewed. An unqualified review conclusion has been issued.		



A. Stockdale

Chairman

24 February 2010



**Half-year condensed financial report
for the period ended
31 December 2009**

SENETAS CORPORATION LIMITED

HALF-YEAR REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Your directors submit their report for the half-year ended 31 December 2009.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

A.R Stockdale (Non-Executive Chairman)

R Warner (Non-executive)

J Connolly (Non-executive)

J.H. DuBois (Executive Director)

REVIEW OF OPERATIONS

Half year results to 31 December 2009:

Highlights

- **Net Profit Before Tax \$538,000**
- **Security Product Revenue up 69% with Contribution up 130%**
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CONCLUSION

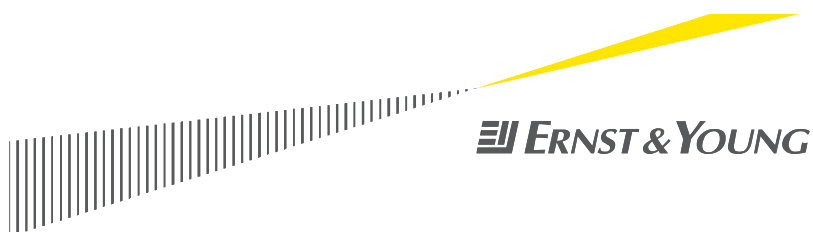
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Directors' Report (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009



Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001
Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

Auditor's Independence Declaration to the Directors of Senetas Corporation Limited

In relation to our review of the financial report of Senetas Corporation Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Liability limited by a scheme approved under
Professional Standards Legislation

Ernst & Young

David McGregor
Partner
24 February 2010

Signed in accordance with a resolution of the directors

Alan Stockdale
Director
24 February 2010
Melbourne

Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Notes	CONSOLIDATED	
		31/12/2009 \$	31/12/2008 \$
Revenues from operating activities	3(a)	8,204,731	6,940,171
Cost of sales		(1,173,190)	(624,526)
Gross profit		<u>7,031,541</u>	<u>6,315,645</u>
Other income	3(b)	152,446	358,280
Employee benefits expense	3(e)	(4,990,684)	(5,071,564)
Depreciation & amortisation expense	3(c)	(136,855)	(171,805)
Other expenses	3(d)	(1,518,448)	(1,292,233)
Profit before income tax		<u>538,000</u>	<u>138,323</u>
Income tax benefit/(expense)		(87,928)	3,489
Net profit for the period		<u><u>450,072</u></u>	<u><u>141,812</u></u>
Other comprehensive income			
Total comprehensive income for the period		<u><u>450,072</u></u>	<u><u>141,812</u></u>
Profit for the period is attributable to:			
Owners of the parent		<u>450,072</u>	<u>141,812</u>
		<u><u>450,072</u></u>	<u><u>141,812</u></u>
Total comprehensive income for the period is attributable to:			
Owners of the parent		<u>450,072</u>	<u>141,812</u>
		<u><u>450,072</u></u>	<u><u>141,812</u></u>
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent			
Basic earnings per share (cents per share) - rounded	5	<u>0.00</u>	<u>0.00</u>
Diluted earnings per share (cents per share) - rounded		<u>0.00</u>	<u>0.00</u>
Earnings per share for profit attributable to the ordinary equity holders of the parent			
Basic earnings per share (cents per share) - rounded	5	<u>0.00</u>	<u>0.00</u>
Diluted earnings per share (cents per share) - rounded		<u>0.00</u>	<u>0.00</u>

Statement of Financial Position

AS AT 31 DECEMBER 2009

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>As at</i>	<i>As at</i>
		31/12/2009	30/06/2009
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		6,566,498	5,340,792
Trade and other receivables		2,650,015	4,430,464
Inventories		952,832	1,137,562
Prepayments		119,162	116,183
Other current assets		110,296	14,069
Total Current Assets		10,398,803	11,039,070
Non-current Assets			
Deferred income tax asset		874,275	962,203
Property, plant and equipment		715,993	830,017
Intangible assets		8,599,156	8,608,296
Total Non-current Assets		10,189,424	10,400,516
TOTAL ASSETS		20,588,227	21,439,586
LIABILITIES			
Current Liabilities			
Trade and other payables		1,633,786	2,716,904
Unearned income		999,394	1,229,210
Provisions		929,320	998,758
Total Current Liabilities		3,562,500	4,944,873
Non-current Liabilities			
Provisions		104,423	104,991
Total Non-current Liabilities		104,423	104,991
TOTAL LIABILITIES		3,666,923	5,049,864
NET ASSETS		16,921,304	16,389,723
EQUITY			
Contributed equity	5	101,499,944	101,444,944
Accumulated losses		(85,102,299)	(85,552,371)
Reserves		510,799	484,290
Owners of the parent		16,908,444	16,376,863
Non-controlling interests		12,860	12,860
TOTAL EQUITY		16,921,304	16,389,723

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	<i>Attributable to equity holders of Senetas Corporation Ltd</i>			<i>Non-controlling interest</i>	<i>Total equity</i>	
	<i>Contributed Equity</i>	<i>Accumulated Losses</i>	<i>Employee Benefits Reserve</i>	<i>Total</i>		
CONSOLIDATED	\$	\$	\$	\$	\$	
At 1 July 2008	101,444,944	(86,694,758)	439,265	15,189,451	12,860	15,202,311
Total income and expenses for the period recognised directly in equity	-	-	-	-	-	-
Profit for the period	-	141,812	-	141,812	-	141,812
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-
		141,812		141,812		141,812
Transactions with owners in their capacity as owners						
Share Based Payments	-	-	35,028	35,028	-	35,028
Dividends	-	-	-	-	-	-
At 31 December 2008	101,444,944	(86,552,946)	474,293	15,366,291	12,860	15,379,151
CONSOLIDATED	\$	\$	\$	\$	\$	\$
At 1 July 2009	101,444,944	(85,552,371)	484,290	16,376,863	12,860	16,389,723
Total income and expenses for the period recognised directly in equity	-	-	-	-	-	-
Profit for the period	-	450,072	-	450,072	-	450,072
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	450,072	-	450,072	-	450,072
Transactions with owners in their capacity as owners						
Share Based Payments	55,000	-	26,509	81,509	-	81,509
Dividends	-	-	-	-	-	-
At 31 December 2009	101,499,944	(85,102,299)	510,799	16,908,444	12,860	16,921,304

Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	<i>CONSOLIDATED</i>	
	<i>31/12/2009</i>	<i>31/12/2008</i>
	\$	\$
Cash flows from operating activities		
Receipts from customers	9,755,364	8,626,201
Payments to suppliers and employees	(8,651,534)	(8,235,073)
Sundry income	50,000	2,648
Interest received	100,721	105,873
Net cash flows from (used in) operating activities	<u>1,254,551</u>	<u>499,649</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,043)	(61,560)
Purchase of intangibles	(2,802)	(22,821)
Net cash flows used in investing activities	<u>(28,845)</u>	<u>(84,381)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,225,706	415,267
Cash and cash equivalents at beginning of period	5,340,792	3,095,162
Cash and cash equivalents at end of period	<u><u>6,566,498</u></u>	<u><u>3,510,429</u></u>

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1 CORPORATE INFORMATION

The half-year financial report of Senetas Corporation Limited (the Company) for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 24 February 2010.

Senetas Corporation Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Senetas Corporation Limited as at 30 June 2009.

It is also recommended that the half-year financial report be considered together with any public announcements made by Senetas Corporation Limited and its controlled entities during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation and Statement of Compliance

The half-year consolidated financial report has been prepared in accordance with the requirements of the Corporations Act 2001, including compliance with the requirements of AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) New standards and interpretations

The Group has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1st January, 2009

AASB 8 Operating Segments

AASB 8 replaced AASB 114 *Segment Reporting* upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in note 6, including the related revised comparative information.

AASB 101 Presentation of financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement

(c) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2009.

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	<i>CONSOLIDATED</i>	
	<i>31/12/2009</i>	<i>31/12/2008</i>
	\$	\$
3 REVENUES AND EXPENSES		
(a) Revenue from operating activities		
Sale of goods	3,022,658	753,952
Product maintenance revenue	570,704	544,636
Provision of services	3,362,349	4,358,176
Royalties/Commissions	1,249,020	1,283,407
	<u>8,204,731</u>	<u>6,940,171</u>
(b) Other income		
Other income	50,310	2,648
Interest revenue:		
Non-related parties	102,136	106,758
Net gain on foreign exchange	-	248,874
	<u>152,446</u>	<u>358,280</u>
(c) Depreciation and amortisation expense		
Depreciation:		
Plant and equipment	117,807	151,752
Leasehold improvements	6,906	6,312
Amortisation:		
Software	12,142	13,741
	<u>136,855</u>	<u>171,805</u>
(d) Other expenses		
Operating lease	187,618	189,590
Inventory write off / provision	51,100	344
Assets written off - damaged	12,275	3,344
Travel expenses	210,072	166,840
Telephone & internet expense	59,399	55,580
Insurance expense	97,356	91,265
R & D Expenditure	156,810	65,553
Marketing expenses	119,988	142,383
Net loss on foreign exchange	56,802	-
Other overhead expenses	567,028	577,334
	<u>1,518,448</u>	<u>1,292,233</u>
(e) Employee Benefits expenses		
Salaries & wages	4,505,680	4,651,419
Superannuation	292,436	336,496
Termination payouts	111,059	48,621
Share based payments expense	81,509	35,028
	<u>4,990,684</u>	<u>5,071,564</u>

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

4 DIVIDENDS PAID AND PROPOSED

Equity dividends on ordinary shares:

No interim dividend was paid or is proposed for the half year ended 31 December 2009.

5 CONTRIBUTED EQUITY

	CONSOLIDATED	
	No. of shares	\$
Movement in ordinary shares on issue		
At 1 July 2009	460,716,568	101,444,943
Employee Share Offer - 21st Dec 2009	805,695	55,000
At 31 December 2009	461,522,263	101,499,943

At 31 December 2009 the weighted average number of shares on issue is the same as the number of ordinary shares on issue.

Earnings per share is \$0.0012 which, rounded to the nearest two decimals, is zero.

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

6 SEGMENT REPORTING

Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on products sold and services provided and the identity of service line manager. Discrete financial information about each of the operating businesses is reported to the executive management team on at least a monthly basis.

The reporting segments are based on aggregated operating segments determined by the similarity of the products produced and sold and/or the services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return

Products

The products segment produces and distributes high speed network encryption products providing network security solutions to businesses and governments around the world.

Consulting services

The consulting services segment provides a variety of IT professional services in the field of data warehousing, business intelligence, enterprise management and sells software associated with these areas.

The following table presents the revenue and profit information regarding operating segments for the half-year periods ended 31 December 2009 and 31 December 2008.

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Products \$	Consulting \$	Total \$
Half-year ended 31 December 2009			
Revenue			
Sales to external customers	4,255,980	3,948,752	8,204,731
Total segment revenue	4,255,980	3,948,752	8,204,731
Other revenue			50,310
Interest income			102,136
Total revenue as per the statement of consolidated income			8,357,177
Result			
Segment result	1,728,499	597,543	2,326,042
Corporate/Administration Expenses			(1,788,042)
Profit before tax			538,000
Income tax benefit/(expense)			(87,928)
Net profit after tax as per the statement of comprehensive income			450,072

Total assets for the half year ended 31st December, 2009 have not materially changed from the 30 June 2009 annual report and therefore segment assets are not included.

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

6 SEGMENT INFORMATION (continued)

	Products	Consulting	Total
	\$	\$	\$
Half-Year ended 31 December 2008			
Revenue			
Sales to external customers	2,511,914	4,428,257	6,940,171
Total segment revenue	2,511,914	4,428,257	6,940,171
Interest Income			106,758
Total revenue as per the statement of consolidated income			7,046,929
Result			
Segment Result	752,955	1,172,894	1,925,849
Corporate/Administration Expenses			(1,787,525)
Net profit before tax as per the statement of comprehensive income			138,323
Income tax benefit			3,489
Net profit after tax as per the statement of comprehensive income			141,812

7 CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

8 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events subsequent to balance date.

Directors' Declaration

In accordance with a resolution of the directors of Senetas Corporation Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Alan Stockdale
Director
24 February 2010
Melbourne.



Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001
Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

To the members of Senetas Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying condensed half-year financial report of Senetas Corporation Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year period ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the period.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Senetas Corporation Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Liability limited by a scheme approved under
Professional Standards Legislation



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Senetas Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

David McGregor
Partner
Melbourne
24 February 2010