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15 November 2012

Company Announcements Office
Australian Securities Exchange Limited
Level 6
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

SENETAS CORPORATION – 2012 ANNUAL GENERAL MEETING

We attach a copy of the Chairman's address and the CEO's address to be delivered to shareholders at the Senetas Corporation Limited Annual General Meeting to be held at The Royce Hotel, 379 St Kilda Road, Melbourne 3000 on Thursday, 15 November 2012 at 10.30am.

Yours sincerely



Brendan Case
Company Secretary

SENETAS CORPORATION LIMITED

CHAIRMAN'S AGM ADDRESS

Thursday, 15 November 2012

Good morning ladies and gentlemen

My name is Chris Brown and I have the honour to be your company's Chairman.

It is now 10.30am, this is a properly constituted meeting and a quorum is present.

I, therefore, declare this Annual General Meeting of Senetas Corporation Limited open and welcome shareholders and guests to the thirteenth Annual General Meeting of the company.

Let me now introduce to you the people who are on stage with me today. Seated on my left, your right is our Chief Executive Officer, Andrew Wilson.

Seated beside Andrew is Francis Galbally who re-joined the Board as a non-executive Director in May this year.

Seated on my right, your left, is Brendan Case, our Company Secretary. Seated beside Brendan is Jim Connolly and next to Jim is Ron Warner.

As you will have seen in our Annual Financial Report, the Board has a strong mix of skills and experience.

Ms Fiona Campbell, Ms Lauren Barker and Mr Yoichi Teraoka from Ernst & Young auditors are present should shareholders have specific questions for our auditors.

Mr Wayne Hopkins and the staff of Computershare Investor Services, Senetas' Share Registry, are also present and will be assisting the company conduct this Annual General Meeting.

The last year has been challenging for Senetas as we have reported, however it has also been a year of significant change for the company.

Today I intend to provide a brief overview of:

- the 2012 financial results of Senetas; and
- the key changes made by the Board over the year.

I will also update you briefly on our strategic response to the recent financial performance of the company.

I will then invite Senetas' CEO, Andrew Wilson, to talk to you in more detail about our business and strategic agenda.

Financial results of the company:

The Notice of Meeting has been sent to shareholders, which I propose to take as read. The Annual Report describes in detail the company's performance for the 2012 financial year.

On the economic front, the strong dollar, subdued demand, volatile overseas markets and international political and economic environment, provided very difficult trading conditions in Australia over the last year.

Senetas recorded in this challenging environment a net loss before tax of \$8.2million for the year to 30 June.

The result included a non-cash impairment expense of \$6.7m which related to the goodwill that arose from the acquisition of CTAM Pty Ltd in 2000 and 2004. The decision to write down the goodwill asset arose during the finalisation of the audit, when we as a Board together with our then, new CEO, considered the application of accounting standards and the losses incurred by the company in recent financial periods.

Excluding the intangible asset write off, the result was a loss before tax of \$1.5m and in line with the Company's August 3rd market update.

If you have not already done so, please read the Directors' Report, which provides a breakdown of these results.

Changes impacting the company:

There have been a number of significant decisions made by the Board which have been positive for the company over the last 6 to 8 months.

In April this year the Directors announced a comprehensive re-capitalisation in order to strengthen the balance sheet of Senetas and to provide working capital to support the company's organic growth.

We were pleased to be able to raise new capital of approximately \$3million via a placement and rights issue during a period of difficult trading conditions and volatile financial markets.

As a consequence of the capital raising, two major investors have joined the company's register. One of which is Francis and the other is a company associated with a New York based Australian investor, Phil Cohen.

Both of these "corner stone" investors have a very good understanding of Senetas' business and the market opportunity of Senetas' data encryption products. They are also committed to seeing Senetas maximise its potential and value for its shareholders.

New Director

We as a Board were delighted to have Francis re-join the Board during the year. Francis was formerly CEO and Chairman of Senetas and retired as an executive in February 2006 and as a Director in May 2007 due to personal reasons. As an investor and corporate advisor, Francis brings to the Board first-hand operational experience in growing small cap companies. He has been a director and Chairman of a number of ASX listed companies and is currently Chairman of Interconnect 247 Ltd.

Francis is of course very familiar with Senetas' strategic and operating opportunities and he strongly believes in the commercial potential of the company's products.

New CEO

On 14 August the Directors announced that Mr John Du Bois had stepped down as CEO and as a Director of Senetas for personal reasons.

Andrew Wilson was appointed as CEO on 15 August. Andrew has now been at the company for over 12 years and has had an excellent career at Senetas.

As the company's CFO and Company Secretary, the Board has been able to see Andrew regularly demonstrate strong interpersonal and management skills as well as financial and commercial management expertise. Andrew has a clear understanding of Senetas' products, key markets and channel partners.

The Board in August also appointed Barbara McMeekin as Chief Accountant and Brendan Case as Company Secretary.

Barbara is an associate member of CPA Australia and has over 30 years experience in business. Barbara has worked for Senetas for nearly 10 years, the last 5 as financial controller and has extensive knowledge of the Company and its affairs.

Brendan is a Chartered Secretary, has a Master of Commercial Law from The University of Melbourne and has degrees in both Economics and Finance. Brendan has more than 20 years of company secretarial, corporate governance and finance experience.

Strategic Response

The company's recent financial performance has obviously been disappointing and so the Board and management undertook a comprehensive strategic review.

The strategy approved by the Board and currently being implemented by Andrew and his management team has involved:

- winding down the non profitable consulting business segments;
- refocusing the business on data encryption opportunities in key targeted geographies; and
- implementing a comprehensive cost reduction plan.

We believe beyond its home base in Australia, the largest market opportunities for Senetas exist in the United Kingdom and the United States, where we have significantly increased our sales activity.

Andrew in his presentation will be providing more detail on our future growth strategy, progress made to date with its implementation and will update you on some recent successes.

Governance

Your Board of Directors is responsible for the corporate governance of the company. We strongly believe that good corporate governance should be a fundamental part of the culture and business practices of a company. During the year Senetas engaged Brendan to apply the corporate governance experience gained at a major financial institution to Senetas' corporate governance policies and practices. Our corporate governance framework has since been updated and may be found on our website.

The Board met 17 times in 2012, the Audit Committee and the Nomination and Remuneration Committee each met twice over the year.

Conclusion

2012 was another challenging year for Senetas, as it was for many Australian and global companies, however we have increased the mix of skills and experience on the Board, strengthened our balance sheet and corporate governance framework, established two cornerstone investors in the company, appointed an extremely capable CEO and streamlined the company's operations.

The Board and management team remain committed to achieving success with the fundamental strength of our high speed encryption product line as the volume of data produced and transmitted around the world grows at increasing rates and as computer information security features so heavily in the government, defence, financial and commercial communities.

Based on the strategic direction being taken by the company and the positioning it has done to achieve future growth, your Directors remain confident that Senetas can lift revenues and profits in line with improved global economic stability.

Let me now call on our Chief Executive Andrew Wilson who will outline our strategic priorities and update you on how our business is progressing.

CEO's Address to Shareholders

Ladies and gentlemen shareholders,
Thank you and the board for this first opportunity to address you as CEO. As the Chairman mentioned, 2012 was again a difficult year for the company and an important catalyst for significant change. I will concentrate on my responsibility for leveraging our strengths and how we plan to build revenue and profit.

Resizing and Refocusing the Business

Over the past 12 months, again we faced difficult trading conditions. In response we began by implementing a comprehensive program to streamline and resize the costs:

- winding up non-profitable consulting operations;
- selling the remaining Business Intelligence business;
- reducing staff numbers;
- reducing executive and director remuneration
- reducing travel and other expenditure.

Excluding the restructuring costs, these activities have significantly reduced the company's annual cost base. We will continue to look for cost reductions without sacrificing our capabilities.

Now the business is wholly focused on the company's data encryption operations and we are taking a much more targeted market and channel partnering approach to help maximize our revenue opportunities.

Market Characteristics and Drivers

Everywhere organisations are experiencing unprecedented growth in valuable digital assets in the form of intellectual property, scientific data, business information and government privacy and secrets.

To cope with this data growth: enterprises, carriers, and content delivery networks around the world are reviewing and upgrading their network performance to ensure that this information can be shared at high speed throughout the global digital economy.

Cyber intrusions are the biggest threat to these valuable digital assets whilst they are stored, moved and shared. The financial and reputational risks are enormous for those government agencies, critical infrastructure utilities and businesses that ignore protecting their data in transit. The Australian Government is concerned about these risks and is highlighting them publicly.

Our job at Senetas is to highlight these risks and help organisations mitigate the risk of cyber theft and attacks whilst their data is in transit. We now believe we are properly structured to do this at a time when the market is also maturing for our products.

UK and Europe

The acquisition of Focus Europe, now Senetas Europe, has enabled Senetas to expand into this large market for the first time in our own right. Over the past year our team in Europe continued to build the company's UK and European operations, revenues grew from just \$660k in FY2011 to \$2m. Our targeted marketing and business development activities have resulted in: increased visibility of the Senetas brand and technology as well as sales pipeline growth. Senetas Europe has focused on building key sales and distribution relationships with important organisations including, Selex and British Telecom.

Most importantly, to maximize our UK opportunities and to gain competitive advantage we sought CAPS certification from the UK authorities. After a three year effort, I am delighted to tell you we have very recently received CESG (Communications-Electronics Security Group) CAPS (CESG Assisted Products Scheme) certification of our Ethernet 1G product. Senetas now has the only certified product of its kind available for UK Government and Defence use.

This opens up significant sales opportunities, related to projects currently expected to roll out in the first half of next year.

The European markets are important for medium and longer-term growth opportunities and we plan to strengthen relationships with existing channel partners whilst looking for new partners that can expand our European coverage. We are already receiving enquiries from within other European countries.

Australia, New Zealand and Asia

In Australia, New Zealand and Asia, we are enhancing and investing in targeted marketing and channel capabilities to raise awareness of the vulnerabilities of data in transit and to raise our profile as the unique, all Australian encryption security developer and manufacturer.

Our plan will equally benefit our international marketing efforts. In the past I believe we have suffered from a lack of visibility and recognition in our own market. I plan to remedy this through a significant investment in a range of marketing capabilities. Our activities will concentrate on:

- identifying target market opportunities
- lead generation
- sales and marketing campaigns
- increased visibility
- participation in industry and technical events
- development of an effective partner channel model

We see opportunities in government, defence and commercial network projects including the growing market for cloud, data center and data storage networks. An important objective is to engage more closely with telecommunications carriers and wholesalers who deliver network and telecommunication services.

In Asia we will look for strategic partners with the proven capabilities to assist us to cover these vast, complex and growing markets.

North America

In the US, our partners are focusing on opportunities in government and defence agencies and organisations critical to the nation's infrastructure. North America is one of our largest markets and one we have not given due attention in the last 6 years to our detriment. As a result of our board and management restructure, we are focused on re-building ,reinvigorating, and re-establishing trust with key partner US partner SafeNet. I am pleased to say SafeNet are excited by the prospect of this

re-invigorated partnership. I am personally excited by our renewed engagement with SafeNet and the growth prospects they have identified. SafeNet is well positioned to take advantage of continued growth in demand for security products and has the skills and capabilities to deliver and support government and large infrastructure projects.

Another partner is conducting a series of proof of concept trials in the energy sector a security aware industry sector.

We will continue to strengthen our products' presence in this large market segment by supporting our relationships with channel partners.

Research and Development

Maintaining our commitment to Senetas's R&D activities is vital to ensuring our products remain competitive in an ever-changing technology landscape. Data networks are complex and the technologies evolve quickly. Our team responds to these changes proactively by planning and working to expand our product portfolio. This strengthens our competitive advantage by:

- releasing next generation high-speed encryption platforms that are smaller, faster more efficient and scalable. Our new platform will provide an excellent foundation for future developments in data transmission speeds at rates of up to 100Gps;
- maintaining our independent certifications which are required to sell into our key target markets and segments, which continue to be a competitive barrier to entry.
- Introducing feature enhancements to meet customers' needs.

- developing a high performance low cost range of encryptors with special features to secure opportunities in the industrial control and commercial markets.

Our strategy for 2013

Assuming that the economic climate does not further deteriorate particularly in Europe, we see significant growth opportunities in international information security markets.

Specifically, our efforts to become established in the UK and European markets will now provide a strong basis for growth. Through a targeted distribution channel strategy, Senetas's focus is on reaching these growing high-speed data security segments.

Our key focus areas in 2013 are:

1. Realising sales opportunities in the large UK government and defence sectors now that our products are CAPS certified;
2. raising our profile in the Australia, New Zealand and Asia through more effective marketing;
3. enhancing our channel partner and distribution channel network by finding new partners to expand our coverage;
4. investing in a strong marketing and partner program to generate leads and sales opportunities;
5. continuing the development of products that maintain our competitive advantage;
6. re-invigorating our major partner in the US – SafeNet; and
7. developing the growing opportunities we see in Eastern European countries.

The market potential for protecting data in transit is growing significantly as we speak.

Ladies and gentlemen that concludes my address. Thank you.

I now invite questions from registered shareholders attending this meeting.