Appendix 4E
Preliminary Final Report
For announcement to the market
Senetas Corporation Limited

ACN	Final *(tick)*	Financial Year ended ('current period')
006 067 607	Preliminary Final	30-Jun-15

	30-Jun-15 $	30-Jun-14 $	Increase / (Decrease) $	%
1. Revenues from ordinary activities	16,207,218	11,037,613	5,169,605	46.84%
2. Net profit/(loss) after tax	4,016,258	2,957,080	1,059,178	35.82%
3. Other comprehensive income for the period (foreign currency translation)	(10,845)	(46,574)	35,729	76.71%
4. Net comprehensive income after tax attributable to members	4,005,413	2,910,506	1,094,907	37.62%

5. Record date for determining entitlements to the final dividend	Final dividend: not proposed

Appendix 4E (continued)

6. Brief Explanation of figures 1 to 3

Highlights

Senetas delivers strong full year profit growth and cash flow.

FY2015 highlights:

• Net profit before tax up 2.4 times to $6.02 million (FY2014: $2.46 million).

• Net profit after tax up 36% to $4.02 million (FY2014: $2.96 million).

• Operating revenue up 47% to $16.21 million (FY2014: $11.04 million) driven by:
- 41% growth in product sales; and
- 55% increase in maintenance services revenue.

• Gross margin of 83% and pre-tax profit margin of 37%.

• Continued positive cash flow, with net operating cash flow up over 200% to $9.58 million (FY2014: $2.88 million).

• Strong balance sheet:
- No debt;
- Cash on hand at 30 June 2015 up over 100% to $15.90 million (FY2014: $6.81 million); and
- Net assets up 45% to $13.09 million (net tangible assets $12.97 million).

• Sustained realisation of the operational and financial benefits from the business transformation and growth plan executed since 2012.

• Consolidation of the new master distribution relationship with SafeNet Inc. (now Gemalto NV since completion of its $US870m acquisition of SafeNet Inc. in January 2015).

• Ongoing development of Senetas' proprietary R&D and certified encryptor roadmap driving future growth opportunities.

The strong full year results were clear evidence that the company is building a sustainable track record of financial performance and delivery on its growth strategy.

The benefits from the transformation and growth plan implemented since 2012 have been delivered through growth across all key business metrics. Operating revenue was up 47% to $16.21 million, while earnings grew much stronger generating a net profit before tax of $6.02 million.

The strong revenue growth represents the first full year benefits of the improved master distributor agreement with Gemalto and includes good growth from both new product sales and maintenance services. Growth in new product sales is primarily the result of orders from new customers, particularly in the commercial sector.

FY2015 has seen the company continue its significant investment in research and development (R&D) and building stronger relationships with its master distributor, technology partners and end customers. These are critical factors to ensure Senetas builds both the capability and relationships necessary to drive future revenue growth.

Senetas completed the half in a strong financial position off the back of growing operating cash flows and strong working capital management. With no debt, and $15.90 million of cash at 30 June 2015, the Company is uniquely placed to continue its growth.

Appendix 4E (continued)

Senetas' experienced leadership team, together with the skilled team of product development engineers and marketing and partner development activities have played key roles in supporting the Company's international master distributor and other partners. The growth over the past three years, and in particular over the past twelve months, would not have been possible without the dedication and commitment of the Company's talented team.

International Distribution – SafeNet's Acquisition by Gemalto

The acquisition of SafeNet by Gemalto was completed in January 2015. Gemalto ownership of SafeNet provides Senetas products with increased access to global markets. Gemalto has a large global 'footprint' and a sales force located across 44 countries which service their global customer base.

The relationship with Gemalto remains strong and mutually beneficial and Gemalto has confirmed its commitment to the SafeNet product suite, including Senetas' High-Speed Encryption (HSE) products and ranks HSE among its most important product groups.

The Senetas master distributor agreement continues unchanged after the acquisition and Senetas supports this relationship with training in product capabilities and support for Gemalto staff on engagement with strategic customer accounts.

Research and Development

R&D remains the Company's core activity and the major driver of long-term growth prospects. Historically Senetas has invested approximately 35% of revenue annually into these activities. Senetas is building significant new capabilities that will drive revenue growth in FY2017 and beyond. In this regard, FY2016 R&D is expected to increase above historic reinvestment rates as a large pipeline of new products are developed, including:

• 100Gbps encryptor – with customers already indicating a need for increased data throughput and the economies of scale 100Gbps will bring;

• 'High-density' encryptors – through a 'multi-port' design providing customers with their need for cost-per-port economies and other benefits;

• A custom encryption algorithm capability following enquiries from customers in Asia, Europe and the Middle East; and

• Virtualisation of encryption – developing new technologies for changing networking protocols and ways of managing networking.

Senetas therefore expects FY2016 R&D expenditure will be approximately 30% higher than it was in FY2015.

Business Strategy

Looking forward, in order to maximise Senetas' profitable revenue growth, the Company is focusing on a business strategy with five key growth drivers:

1. Key Senetas HSE markets:
   • Accelerate (and protect) growth by working with Gemalto to increase the sales, marketing and customer footprint in traditional markets.

2. Low HSE penetration markets:
   • Develop markets where Senetas products have low market penetration by working closely with Gemalto. These include: India, Japan, Singapore, South America, Eastern Europe, France, Germany and Italy.

3. New faster and 'high-density' products:
   • Release new market-leading encryptors that reflect emerging customer security needs. These include faster, 100Gbps, and 'high-density' (multi-port) platform.

Appendix 4E (continued)

4. New customer centric custom algorithm projects:
• Leveraging Senetas' unique and proprietary electronics engineering capabilities and products. Senetas expects to commence work in 2015 on a large custom algorithm project for a major European customer.
• In order to build other custom algorithm opportunities, Senetas will complete a custom software toolkit to address unique requirements for customers in Asia, Europe and the Middle East.

5. New technology partnerships:
• Senetas completed a technology partner agreement with major international data networks provider, Avaya, in January 2015. It will provide Senetas/Gemalto access to the rapidly growing Avaya 'Fabric Connect' network technology and its large customers around the world.
• Senetas has identified two other technology partnership opportunities with major technology companies which are expected to extend the company's technology and market.

These five key growth drivers are expected to drive strong revenue and profit growth from FY2016.

The Company's strategic growth plan is being supported by product marketing, brand recognition and data security thought leadership focused on the commercial, government and networks service providers in targeted geographic markets.

Well Positioned For Future Growth

Senetas continues to see significant opportunities as it increases focus on the demand for HSE in the commercial sector. To date some there have been significant sales to large-scale commercial enterprises that recognise the critical need to encrypt large volumes of data in motion and is expected to continue to drive growth as it has throughout FY2015.

Having built a sustainable foundation to support future growth it is critical now that Senetas continues to reinvest in the business to meet customer needs and drive new revenue opportunities in FY2017 and beyond. The increased R&D investment rate and the increase in international sales resource in FY2016 is a necessary ongoing step to continue to develop technology capability and build closer relationships with its master distributor, technology partners and end customers.

Senetas expects that strong industry fundamentals and increased focus on driving sales execution in partnership with key partners will continue to drive good profit growth and cash flow in FY2016. However, with the benefits of the new master distributor agreement now fully realised and an increase in business reinvestment rates over the next 12 months profit growth in FY2016 may moderate from that achieved in FY2015. However medium term profit growth should be strong as the company starts delivering new technologies into the market.

Appendix 4E (continued)

7. Details of dividend / distribution payments	None	
Interim Dividend:	None	
Final Dividend: Not Proposed	Not Proposed	
8. Details of Divided Reinvestment Plan	N/A	
9. Movements in Retained Earnings	Please refer to Statement of Changes in Equity	
10. NTA backing	**30-Jun-15 (Cents Per Share)**	**30-Jun-14 (Cents Per Share)**
Net tangible asset backing per ordinary security	1.20	0.83

11. Details of entities over which control has been gained or lost during the period	N/A
12. Details of Associates / Joint Venture Holdings	N/A
13. Other information on financial statements	N/A
14. Foreign Entities – accounting standards used to prepare report	Senetas Europe Ltd - IFRS
15.Other Information	None

Compliance Statement

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and
2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts which are in the process of being audited.
5. The entity has a formally constituted audit committee.



Francis W. Galbally

Chairman

26 August 2015

Appendix 4E FOR THE YEAR ENDED 30 JUNE 2015

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Corporate Information

Non-Executive Directors

Francis W. Galbally

Lachlan P. Given

Kenneth J. Gillespie

Executive Director

Andrew R. Wilson

Company Secretary

Brendan Case

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Annual General Meeting Date & Place

Annual General Meeting of shareholders of Senetas Corporation Limited (Company) will be held at Bayview on the Park, Thursday 19th November 2015.

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	*CONSOLIDATED*	
		2015 *$*	2014 *$*
Revenue from operating activities	1(a)	16,207,218	11,037,613
Cost of sales		(2,758,600)	(1,716,863)
Gross profit		13,448,618	9,320,750
Other income	1(b)	1,652,698	1,440,225
Depreciation and amortisation expense	1(c)	(301,091)	(276,419)
Employee benefits expense	1(d)	(5,332,951)	(4,725,201)
Administration expenses	1(e)	(2,845,327)	(2,066,223)
Other expenses	1(f)	(600,947)	(1,235,543)
Profit / (loss) before income tax		**6,021,000**	**2,457,588**
Income tax benefit/(expense)		(2,004,742)	499,492
Net profit after income tax for the period		**4,016,258**	**2,957,080**
Items that may be classified subsequently to profit or loss			
Foreign currency translation		(10,845)	(46,574)
Other comprehensive income for the period		**(10,845)**	**(46,574)**
Total comprehensive income for the period		**4,005,413**	**2,910,506**
(Loss)/profit for the period is attributable to:			
Owners of the parent		4,005,413	2,910,506
		4,005,413	2,910,506
Total comprehensive income for the period is attributable to:			
Owners of the parent		4,005,413	2,910,506
		4,005,413	2,910,506
Earnings / (loss) per share			
Basic, profit / (loss) for the year attributable to ordinary equity holders of the parent.		0.0037	0.0028
Diluted, profit / (loss) for the year attributable to ordinary equity holders of the parent.		0.0037	0.0028

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2015

	Notes	*CONSOLIDATED*	
		2015	*2014*
		$	*$*
ASSETS			
Current Assets			
Cash and cash equivalents	3	15,901,898	6,805,359
Trade and other receivables		4,042,547	5,482,948
Inventories		720,712	682,513
Prepayments		212,843	109,628
Other assets		31,549	10,450
Total Current Assets		20,909,549	13,090,898
Non-current Assets			
Other financial assets		92,501	59,952
Deferred income tax asset		513,752	1,447,074
Property, plant and equipment		751,519	454,151
Intangible assets and goodwill		124,405	118,131
Total Non-current Assets		1,482,177	2,079,308
TOTAL ASSETS		22,391,726	15,170,206
LIABILITIES			
Current Liabilities			
Trade and other payables		2,067,878	1,583,726
Income/ Company Tax Payable		1,251,989	226,010
Unearned income		3,718,749	3,200,227
Provisions		785,843	803,750
Total Current Liabilities		7,824,459	5,813,713
Non-current Liabilities			
Deferred income tax liabilities		48,545	3,105
Provisions		28,502	14,499
Unearned income - non-current		1,396,822	312,706
Total Non-current Liabilities		1,473,869	330,310
TOTAL LIABILITIES		9,298,328	6,144,023
NET ASSETS		13,093,398	9,026,184
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	2	104,388,258	104,332,258
Retained earnings		(91,955,863)	(95,972,121)
Reserves		673,017	667,213
Foreign currency translation reserve		(24,874)	(14,029)
Parent interests		13,080,538	9,013,324
Non-controlling interests		12,860	12,860
TOTAL EQUITY		13,093,398	9,026,184

The above statement of financial position should be read in conjunctions with the accompanying notes

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	*CONSOLIDATED*	
		2015	*2014*
		$	*$*
Cash flows from operating activities			
Receipts from customers		19,216,796	10,694,138
Receipts of R&D tax refund		1,385,730	1,359,104
Payments to suppliers and employees		(11,306,887)	(9,257,309)
Interest received		281,325	83,433
Net cash flows from/(used in) operating activities	3	9,576,964	2,879,366
Cash flows from investing activities			
Purchase of plant and equipment		(406,555)	(74,101)
Purchase of intangible assets		(63,025)	(35,406)
Net cash flows from/(used in) investing activities		(469,580)	(109,507)
Cash flows from financing activities			
Placement costs		-	(8,939)
Net cash flows from/(used in) financing activities		-	(8,939)
Net increase/(decrease) in cash and cash equivalents		9,107,384	2,760,920
Net effect of foreign currency translation		(10,845)	(46,574)
Cash and cash equivalents at beginning of period		6,805,359	4,091,013
Cash and cash equivalents at end of period	3	15,901,898	6,805,359

The above statement of cash flows should be read in conjunction with the accompanying notes

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED

	Attributable to equity holders of Senetas Corporation Ltd				*Owners of the parent*	*Non controlling interest*	*Total equity*
	Contributed Equity	*Accumulated Losses*	*Foreign currency translation reserve*	*Employee Benefits Reserve*	*Total*		
	$	*$*	*$*	*$*	*$*	*$*	*$*
At 30 June 2013	104,218,699	(98,929,201)	32,545	735,946	6,057,990	12,860	6,070,849
Profit for the year	-	2,957,080	-	-	2,957,080	-	2,957,080
Other comprehensive income	-	-	(46,574)	-	(46,574)	-	(46,574)
Total comprehensive income	-	2,957,080	(46,574)	-	2,910,506	-	2,910,506
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-
Shares issued	-	-	-	-	-	-	-
Share placement costs	(8,939)	-	-	-	(8,939)	-	(8,939)
Options Issued	122,498	-	-	(68,733)	53,765	-	53,765
	-	-	-	-	-	-	-
At 30 June 2014	104,332,258	(95,972,121)	(14,029)	667,213	9,013,324	12,860	9,026,184
Profit for the year	-	4,016,258	-	-	4,016,258	-	4,016,258
Other comprehensive income	-	-	(10,845)	-	(10,845)	-	(10,845)
Total comprehensive income	-	4,016,258	(10,845)	-	4,005,413	-	4,005,413
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-
Shares issued	-	-	-	-	-	-	-
Options issued	-	-	-	61,804	61,804	-	61,804
Options converted to shares	56,000	-	-	(56,000)	-	-	-
	-	-	-	-	-	-	-
At 30 June 2015	104,388,258	(91,955,863)	(24,874)	673,017	13,080,538	12,860	13,093,398

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Appendix 4E

FOR THE YEAR ENDED 30 JUNE 2015

1 REVENUES AND EXPENSES	*CONSOLIDATED*	
	2015	2014
	$	*$*
(a) Revenue		
Sale of goods	9,966,089	7,045,835
Sale of software	40,608	104,793
Product maintenance revenue	5,900,097	3,799,157
Royalties		
Interest revenue:		
Non-related parties	300,424	87,828
	16,207,218	11,037,613
(b) Other income		
R & D tax incentive	1,652,698	1,440,225
	1,652,698	1,440,225
(c) Depreciation and amortisation expense		
Depreciation:		
Plant and equipment	201,887	208,780
Leasehold improvements	42,453	4,873
Amortisation:		
Software	56,751	62,766
	301,091	276,419
(d) Employee benefits expenses		
Salaries & Wages	4,974,965	4,319,396
Superannuation	296,182	269,672
Termination Payouts	-	82,367
Share Based Payment Expense	61,804	53,766
	5,332,951	4,725,201
(e) Administration expenses		
Operating lease	367,339	527,110
Travel expenditure	524,732	368,097
Telephone & internet expenditure	72,398	93,691
Insurance expenditure	124,935	104,790
Marketing expenditure	291,105	269,948
External contractors	1,464,818	702,587
	2,845,327	2,066,223
(f) Other expenses		
Foreign exchange (gain) or loss	(348,464)	258,474
Inventory written off / provision	140,823	144,467
R&D expenditure (excluding salaries)	220,108	280,162
Write off of plant & equipment	228	-
Other overhead expenses	588,252	552,440
	600,947	1,235,543

2 CONTRIBUTED EQUITY	*No. of shares*	*$*
Ordinary shares - issued and fully paid	1,077,891,948	104,388,258

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	No. of shares	*$*
Movement in ordinary shares on issue		
At 30 June 2014	1,073,891,948	104,332,258
Employee performance rights converted to shares	4,000,000	56,000
At 30 June 2015	1,077,891,948	104,388,258

Notes to the Appendix 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2015

3 CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2015	2014
	$	*$*
Cash at bank and in hand	5,672,455	3,305,359
Short-term deposits	10,229,443	3,500,000
	15,901,898	6,805,359

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Reconciliation from the net profit/(loss) after tax to the net cash flows from operations

Net loss after tax	4,016,258	2,957,080
Adjustments for:		
Depreciation and amortisation	301,091	276,419
Unrealised foreign currency loss/(gain)	(133,280)	157,267
Write off of plant & equipment	228	-
Inventory Provision / written off	140,823	144,467
Share based payment expense	61,804	53,766
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	1,440,401	(2,294,572)
(Increase)/decrease in inventories	(179,022)	309,222
(Increase)/decrease in prepayments	(103,221)	7,883
(Increase)/decrease in other current assets	(21,099)	(4,191)
(Increase)/decrease in other financial assets	(32,549)	(59,953)
(Decrease)/increase in trade and other payables	617,432	155,543
(Decrease)/increase in deferred income tax assets	933,323	(710,763)
(Decrease)/increase in deferred income tax liability	45,441	(14,739)
Increase/(decrease) in income tax payable	1,025,979	226,010
Increase/(decrease) in redundancy provision	-	(280,843)
(Decrease)/increase in provisions	85,371	(20,968)
Inventory transferred to plant & equipment	(135,381)	(70,808)
(Decrease)/increase in unearned income	1,602,640	1,959,271
Increase/(decrease) in Provision for onerous rent	(38,505)	38,505
Increase/(decrease) in Provision make good	(50,770)	50,770
Net cash (used in) / from operating activities	**9,576,964**	**2,879,366**

4 Revenue by geography

The Group has only one segment - the product division. Therefore, the Group no longer prepares operating segment reporting other than the geographical segments shown below.

Revenue is attributed to geographic locations based on the location of the customers. The company does not have external revenues from any external customers that are attributable to any foreign country other than as shown.

	2015	2014
Australia & New Zealand	2,052,738	1,873,035
United States	11,174,893	5,533,088
Europe	2,979,587	2,982,712
Middle East	-	374,547
Asia	-	266,854
Other countries	-	7,377
	16,207,218	**11,037,613**