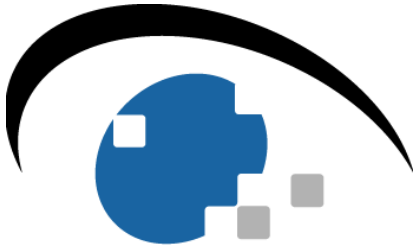
Seeing Machines Limited

AIM:SEE

Interim Results
6 months to 31 December 2008



20090311-SM-AIM (RA-AIM-sm10946-0)

Seeing Machines Limited (SM)

- Directors
  - Non-Executive Chairman — James Fulton Muir, AO
  - Executive Director / CEO — Nicholas Cerneaz
  - Non Executive Directors — David Gaul, William Mobbs, Rob Sale, Trent Victor, Alexander Zelinsky
- Company Secretary — Belinda Burgess

FY09-H1 Interim results: 6 months to 31 December 2008

A$'000	FY09-H1	FY08	FY08-H1	FY07	FY07-H1	FY06	FY06-H1
Sales Revenue	2,836	4,128	1,236	2,646	1,394	2,464	1,181
Gross Profit	2,051	2,979	845	1,975	1,004	1,750	797
GP Margin	72.3%	72.2%	68.4%	74.6%	72.0%	71.0%	67.5%
Net Profit/(loss)	358	326	(430)	(467)	(141)	(135)	(62)
Cash Position	1,657	2,771	3,235	1,375	1,686	2,407	3,126

All figures in A$ 000

Year End 30 June

Interim results: Highlights

Financial Highlights

- Revenue from product sales more than doubled on the corresponding period to 31 December 2007
- Revenue from new product stream faceAPI;
- FY09-H1 Net profit of **A$358,099** compared to (A$430,155) net loss for corresponding period to 31 Dec 2007.

Operational Highlights

- Release of faceLAB® 4.6 in August 2008;
- Release of the first commercial version of faceAPI in August 2008;
- Release of analytical tools for the Company's key driver monitoring software DSS;
- Successful trials of DSS in large truck fleets in North America;
- Successful showcasing of the TrueField Analyzer (TFA) at the AAO Meeting in Atlanta in November 2008;
- Relocation of the Company to more suitable premises in Braddon, ACT, Australia.
- Further development of Seeing Machines Inc., the Company's North American sales and support operation

Overview

Value proposition

- Unique technology enables solutions and products that would be impossible otherwise
- Our technology products will save lives, prevent accidents and help preserve people's vision, reducing their huge economic impacts
- Our software products help clients build their products/do their work faster and cheaper

Business Model

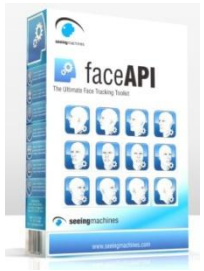
- To derive diversified, high margin technology licensing revenues and profits through embedding our computer vision platform in high value end-user products

Product Offering

- We specialize in COMPUTER VISION TECHNOLOGY - giving machines the capacity to "see"
- Key focus is detecting and tracking human faces, head and eye gaze directions and facial features. Secondary focus on generalized tracking.
- Our technology is a platform for new high value products & applications
  - Driver safety and warning products
  - Healthcare devices
  - Third party applications in Robotics, Sports, Entertainment, Advertising, Defense, Biometric Security

faceLAB

Driver State Sensor (DSS)



faceAPI

TrueField Analyzer

Products & underlying technology

Human Factors

- Technology Demonstrator
- Prototyping tool

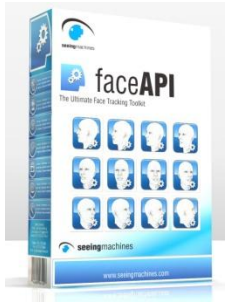
faceLAB™

DSS

Automotive Devices

- Driver drowsiness & distraction
- Driver assistance

faceAPI



API Licensing

- Head, eye tracking
- Sports training products
- Computer gaming and entertainment
- Biometric security
- Robotics

Head, Eye, Facial Feature Tracking – Core Technology

truefield

Medical Devices

Devices to detect glaucoma and other diseases

Automotive & Transport

SM technology enables the next generation of transport safety systems and devices …

Goals

- Near term: to generate strong sales revenues from low/medium volume sales of holistic tool suite (sensor, analytics, reporting) to fleet, mining and long haul freight operators.
- Long term: to generate strong royalty streams from high volume embedded systems in cars, lorries, trains, etc., through Tier 1 channel partners and OEM deployment

Aftermarket

Fleet operators, mining, rail, long haul freight etc

- DSS Version 3 and new Data Analytics Suite released in 2008.
- New Driver Training and Certification program being rolled into deployments
- Holistic fleet management solution → driver & manager buy-in
- Independent evaluations rated DSS #1 driver fatigue/monitoring system for general applications and #2 product for mining specific applications
  Proceedings of the Fourth International Driving Symposium on Human Factors in Driver Assessment, Training and Vehicle Design, pp 146-152
- Initial major contracts in place, and many evaluation/pilot studies underway now
- Seeing Machines Inc., US Sales and Support office opened in 2008 – enhanced marketing

OEM

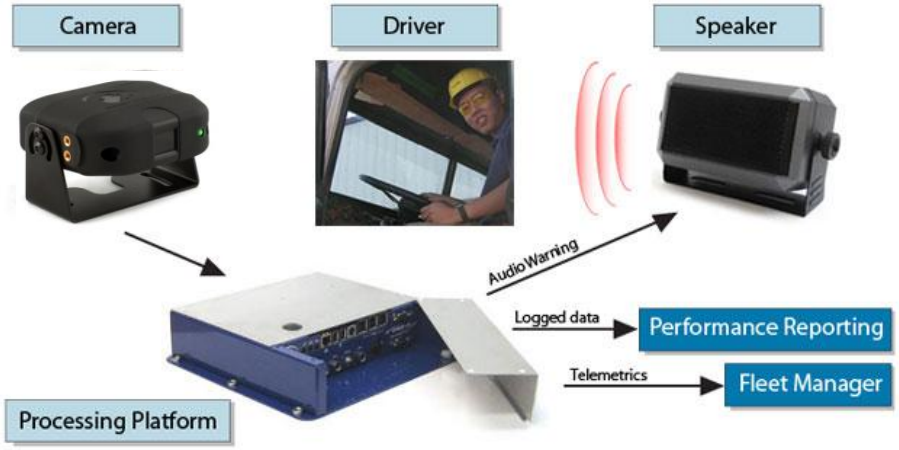
New vehicle manufacturing

- SM long term development projects with Tier 1 and channel partners & OEM clients
- Our DSS technology is already capable of implementing high performance systems

  "This technology has redefined the state-of-the-art. Operating fully automatically, the DSS2 achieves a level of performance previously unseen and the technology now becomes a real contender for serial production systems" Trent Victor, Volvo Technology, Seeing Machines Director
- Global automotive industry slowdown impacts have delayed deployment

Automotive & Transport

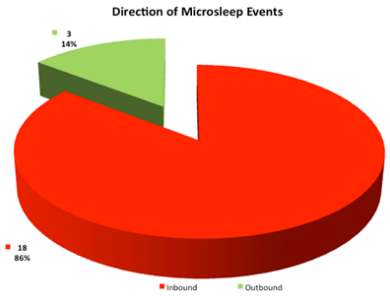
Basic System:

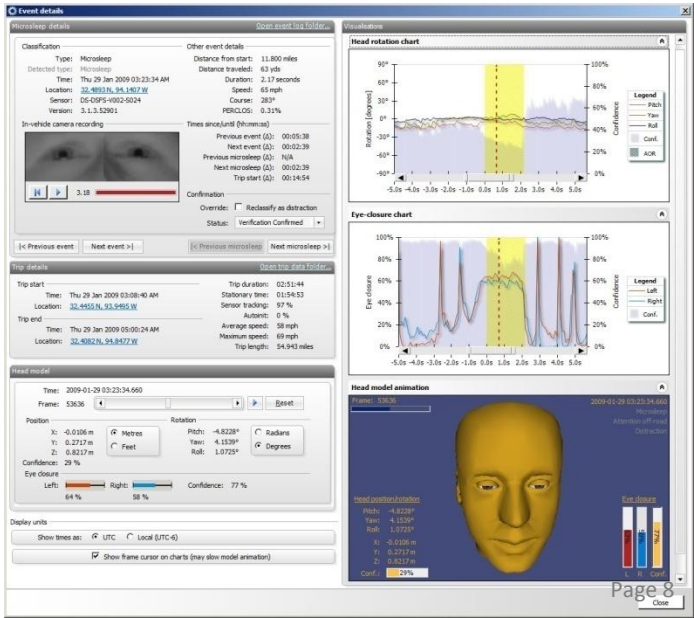


3 Layers of feedback:

DSS system demonstration video: http://www.youtube.com/v/0exAHW-zx1g&hl=en&fs=1&rel=0

Data Analytics and Reporting → Management Tools/Controls:





faceLAB™

faceLAB

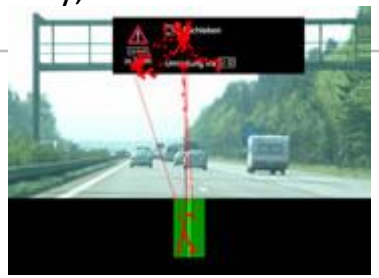
SM state of the art eye gaze and head tracking technology makes faceLAB the most versatile tracking product of its type available on the market

Product overview

- Designed to help researchers and system designers understand human-machine interfaces more effectively and to prototype and develop better interactions/products
- Also a demonstrator product embodying our core vision processing capabilities.
- Launched May 2001 and achieved over **£6.1 million** in sales revenue to Dec 08 (**A$13.5m**)

Users

- Sold to "Human Factors" market (human performance measurement). It is used to test & research human response in real world or simulated settings: e.g., drivers, pilots, athlete responses, TV viewing, psychology, ergonomics & marketing studies to name a few.
- Recent sales to a typical spectrum of commercial and academic users, including Cessna Aircraft Company, US Department of Veterans' Affairs Medical Center, Swinburne University of Technology, Brunel University, Texas A&M University, University of New Hampshire.



faceAPI (Application Programming Interface)

faceAPI

SM tracking software is a key enabling technology for 3rd party applications

Goal

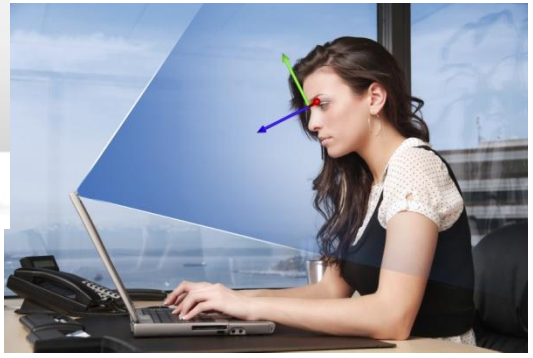
- To generate strong licensing revenue through deployment of Seeing Machines' core tracking technology to 3rd party applications and products

Applications

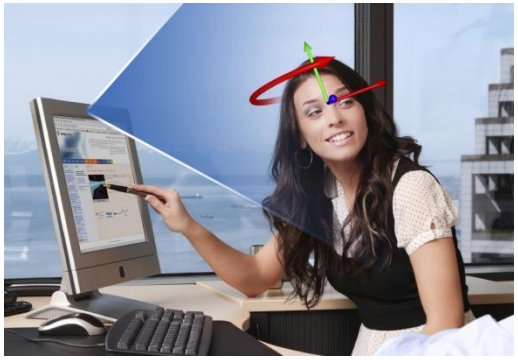
- Extremely varied application opportunities, for example:
  Head & eye tracking, Sports training products, Computer gaming and entertainment, Biometric security, Robotics, Defense & Aerospace, 3D-Cognitive Displays, Adaptive human context aware e-commerce systems, etc.

Product Status

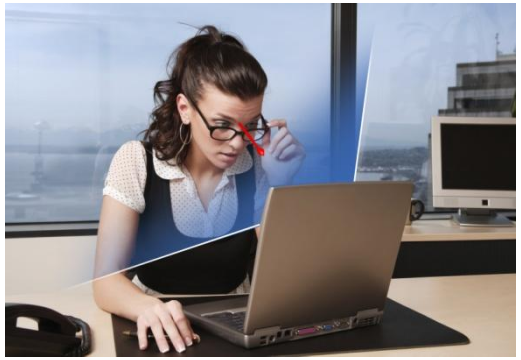
- Many existing licenses for early product versions (included bespoke development)
- Full API available in 3 versions: Production, Development and Non-commercial (free)
- Development licenses selling well, significant production license partnerships in pipeline
- Continued product development agile enough to incorporate BD opportunities



3D Head position in space along X,Y,Z axes.



3D Head rotation in space around X,Y,Z axes.



3D Position of left and right eyeballs in space.

Healthcare – TrueField Analyzer

SM technology enables new devices for detecting and managing diseases of the human visual system and some neurological conditions

Goal

- Generate strong royalty streams from devices using SM objective vision test technology

Initial application

Glaucoma:

- Gradual narrowing of visual field
- Impacts 2-3% of all people over 40 years
- Often undetected until too late to treat
- Existing/competitive devices (SAP) are:
  - SUBJECTIVE and thus UNRELIABLE
  - Slow – 5 to 20 minutes PER eye
  - ~35 year old technology
  - Only thing available to a doctor

TrueField Analyzer/Objective Perimetry

- OBJECTIVE test. No buttons to press (for subject). Subject observes visual stimuli, device monitors involuntary pupil motion
- Objective test → increased RELIABILITY
- Bilateral test – both eyes concurrently
- Fast – both eyes ~6 mins total test time
- Easy test for both subject & operator
- Potential new gold standard for perimetry / visual field testing

TFA initial markets

- Complementary, then disruptive for existing Standard Automated Perimetry (SAP) market
- Primary eye care specialist market, 70–150k ophthalmologists globally in target markets. Secondary target market the high street optometrist/optician.

Commercial launch

- Final preparations for initial commercial offering – expected mid CY2009
- Will exhibit at ARVO (May 09), WGC (July 09), AAO (October 09)

Competitive Position

State of the Art Technology

- Gold standard Head Pose and Eye Gaze Tracking - full 3D tracking from monocular system
- Our vision algorithms work in *real world* settings (very important for building solutions): Automatic facial acquisition; Non contact; Operates day or night, automatically compensates for changing lighting conditions; Compensates for partially hidden faces; Operates with eye & sun glasses
- Revolutionary vision testing technology
- Consistently outrank competitors in independent commercial and academic technology assessment and selection studies.
- Significant IP protection through patent portfolio covering core facial image processing technologies & methods. Exclusive rights to ANU patents for TrueField Analyzer

Products Marketing Sales

- faceLAB, DSS, faceAPI are all gold standard products within their respective markets
- DSS-A is a holistic solution suite: sensor, analytics, reporting and training/certification. High quality offering to managers and drivers/users. High barriers to competitor entry.
- Highly skilled Marketing and Sales team. Grown team through 2008 and now located in high value regions and markets – predominately US.
- Distributor channel well established and operating well.
- Direct web sales building, and completely revised company web site to assist further.

People

- World leading team of computer vision researchers and engineers. Very close ties with Australian National University – leveraging resources and research capabilities.
- Marketing/Sales team and customer support resource growth through 2008 – now better connected to customers than ever before. Direct engagement with users important

Path forward

Products

- DSS – Independently rated #1 technology, great startup sales and prospects. Dycom deal illustrates the value of the product and the markets being targeted. Embedded platform development underway to reduce COGS, and maintain agility for rapid OEM deployment when global auto market picks up. US office aggressively driving new business options.
- API – New product release generating initial development license sales and production license BD. Significant market developments in computer gaming and entertainment market. API and DSS embedded hardware synergies driving development convergence.
- TrueField Analyzer – Final preparations underway for product launch expected mid 2009. Additional third party/independent clinical evaluations studies required in parallel. Continue to progress OEM/channel partner licensing alongside initial availability.
- faceLAB – version 5 just released with significant feature improvements. Further product improvements will continue to leverage DSS and faceAPI development work. New US sales and support office materially enhances faceLAB's offering to market. We'll continue expanding capability in line with business growth: development, sales & support.

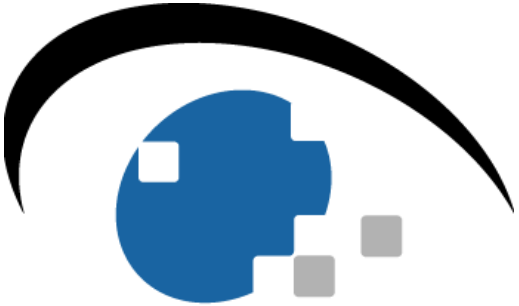
Corporate perspective

- Building on profit success of FY2008 through continued development and growth of the company, especially through the new DSS, faceAPI and TFA businesses.
- Scale the business to support this transition, with expansion of resources in the right roles and locations – particularly sales, marketing and support roles in the regions matched with high quality distributors in appropriate locations. Our markets are global & we need to have the right mix of direct and distributor representation to address that.
- Improve shareholder value through continuing improved company performance and enhanced awareness of, and understanding of the company in the investment markets.

Summary

- Year to date slower than expected
- Company restructure completed
- DSS – good evaluation pilots, now convert to high value sales
- faceLAB – new version 5 just released
- faceAPI – development license sales building
- TrueField Analyzer – launch and sales anticipated from mid 09
- US office in place and being developed
- 2009 ahead remains challenging

Thank you



www.seeingmachines.com

Further Information

For more detailed information about Seeing Machines and its technology and markets, see: www.seeingmachines.com

Appendix – Investment Market Contacts

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Financial PR	▪ **Parkgreen Communications Ltd**		
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	PO Box 82, The Pavilions, Bridgewater Rd, Bristol BS99 7NH, UK		Tel: +44 (0)870 707 1298