



4 March 2008

Seeing Machines Limited
(“Seeing Machines” or the “Company”)

REVIEWED INTERIM RESULTS FOR THE SIX MONTHS TO 31 DECEMBER 2007

Seeing Machines Limited (AIM: SEE) announces its reviewed interim results for the six months to 31 December 2007.

Financial Highlights

- Revenue for the half-year A\$1.236 million (31 December 2006 A\$1.393 million);
- Loss before tax of A\$430k (31 December 2006 A\$141k);
- Concluded successful capital raising in October 2007 raising A\$3,199,282; and
- Cash reserves at 31 December 2007 of A\$3,235,364 (31 December 2006 A\$1,685,583).

Operational Highlights

- Release of version 2 of the Driver State Sensor (DSS) product and the strong commercial interest from fleet managers and the OEM manufacturers and suppliers;
- Revenue in the half-year from multiple product streams;
- Marketing clearance from the United States Food and Drug Administration (FDA) for the TrueField Analyzer®;
- Release of a significant new version of faceLAB® 4.5 targeted at precision gaze applications.

Fulton Muir, Chairman stated, “The Company has invested significantly in product development and commercialisation and has made excellent progress especially with the DSS product, including the long term multi million dollar deal with Dycom Industries Inc that was announced today.”

Extracts from the interim financial statements are set out below and a full copy is available from the Company website www.seeingmachines.com and also is available by request to the Company's Registered Office at Innovations Building, Level 3, Corner Eggleston & Garran Roads, Acton ACT 2601.

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2007.

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.

James Fulton Muir, AO	Non Executive Chairman
Nick Cerneaz	Executive Director
David Gaul	Non Executive Director
Rob Sale	Non Executive Director
Trent Victor	Non Executive Director
Alex Zelinsky	Non Executive Director
William Mobbs	Non Executive Director

REVIEW AND RESULTS OF OPERATIONS

Review of 1st half of our Eighth Year of Operations

The first half of the 2008 financial year has seen the release of a number of products and good progress in commercialisation activities.

Operational highlights for the half-year include:

- Release of version 2 of the Driver State Sensor (DSS) product and the strong commercial interest from fleet managers and the OEM manufacturers and suppliers;
- Revenue in the half-year from multiple product streams;
- Marketing clearance from the United States Food and Drug Administration (FDA) for the TrueField Analyzer®;
- Release of a significant new version of faceLAB® 4.5 targeted at precision gaze applications;
- Reception given to the TrueField Analyzer® at the American Academy of Ophthalmology Annual Meeting in New Orleans in November and the interest of a number of OEMs in taking the product to market;
- The appointment of Chris McKee as Chief Financial Officer adding significant skills to the Company's management team.

Financial Results

Revenue for the half-year to 31 December 2007 was A\$1.236 million, A\$156,721 lower than the period to 31 December 2006. This decrease in revenue was due to a decrease in contract revenue of A\$285,555, the reduction somewhat offset by increase in Product Revenue of A\$128,834. In the half-year to 31 December 2006, the contract revenue related mainly to a particular one-off project. Other income for the half-year was up A\$63,081, with Grant Income increasing A\$61,869 across the comparative periods.

Net expenditure for the half-year was A\$1,815,861 up from A\$1,620,684 on the prior half-year. This was due to higher level of activity, both in sales activity and research effort.

The loss for the half-year to 31 December 2007 was A\$430,155 compared to a loss of A\$141,338 for the half-year to 31 December 2006.

The company raised capital of A\$3,199,282, at a cost of A\$104,580. At 31 December 2007, cash on hand was A\$3,235,364 compared to A\$1,685,583 at 31 December 2006. Net assets increased to A\$6,328,677 at 31 December 2007 compared to A\$3,908,044 at 31 December 2006.

Operational Highlights

faceLAB®

faceLAB® 4.5 was debuted at the Driving Assessment Conference in Washington state in July 2007. This version of faceLAB® introduced a new class of precision gaze algorithms initially developed for the Truefield Analyzer® (TFA). The algorithms bring dramatic improvements to the performance and accuracy of faceLAB® when used to track gaze direction on computer and video screens particularly for applications such as website usability analysis and market research.

TrueField Analyzer®

We continued to aggressively pursue the development of the Truefield Analyzer® (TFA) in order to bring this key product to market. All streams of this project were progressed during the half-year including:

- Scientific trials;
- Large scale clinical study;
- Regulatory approval;
- IP Protection (including trademarks in several jurisdictions);
- Industrial design and hardware development;
- Software development;
- Commercialisation activities.

In August we received Marketing clearance from the United States Food and Drug Administration (FDA) and in November the TFA was showcased at the American Academy of Ophthalmology Annual Meeting in New Orleans. Several opportunities to bring the product to market with large OEMs have been progressed.

Driver State Sensor

The release of version 2 of the Driver State Sensor (DSS) brings a new level of maturity to the product and a readiness for use in real world applications.

The Driver State Sensor allows the fully automatic measurement of the driver/operator's fatigue and distraction levels. Trent Victor of Volvo Technology, and a director of Seeing Machines, has been working with driving monitoring systems for over 10 years at Volvo, and said of the DSS: "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."

Seeing Machines is pursuing several commercial opportunities for the DSS including:

- OEM opportunities through a Tier 1 automotive supplier for both passenger and commercial vehicles;
- Opportunities to sell the DSS into large truck fleets;
- Opportunities to sell the DSS into mining and other operations concerned with fatigue and distraction in the operator;

- Opportunities to sell the DSS into Field Operational Trials (FOTs) particularly in the United States and Europe; and
- Sales to research organizations.

faceAPI™ /SDK

Seeing Machines concluded the second licensing deal for its faceAPI™ late in the 2007 financial year and the first revenue from this deal was received during the half.

The first commercial version of the API is now generally available to application developers through a software developers kit.

Income Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

31 December 2007 31 December 2006

	Note	A\$	A\$
Continuing operations			
Sale of goods		1,163,286	1,034,452
Contract Income		73,525	359,080
Revenue		1,236,811	1,393,532
Other income	3(a)	148,895	85,814
Cost of Sales		(329,974)	(293,320)
Employee benefits expense	3(b)	(783,352)	(721,379)
Depreciation and amortisation expense	3(c)	(126,453)	(131,391)
Other expenses	3(d)	(576,082)	(474,594)
Loss before income tax		(430,155)	(141,338)
Income tax expense		-	-
Loss after tax from continuing operations attributable to members		(430,155)	(141,338)
Loss per share (cents per share)			
• basic for loss for the half year attributable to ordinary equity holders of the company		(0.156)	(0.070)
• diluted for loss for the half year attributed to ordinary equity holders of the company		(0.144)	(0.055)

Balance Sheet

AS AT 31 DECEMBER 2007	Note	As At 31 December 2007 A\$	As At 30 June 2007 A\$	As At 31 December 2006 A\$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	3,235,364	1,375,428	1,685,583
Trade and other receivables		706,252	350,813	982,908
Inventories		213,567	136,571	120,669
Other		14,690	34,825	10,902
TOTAL CURRENT ASSETS		4,169,873	1,897,637	2,800,062
NON-CURRENT ASSETS				
Property, plant and equipment		231,476	244,953	276,020
Intangible assets		331,586	277,962	264,802
Capitalised development costs		4,749,985	3,719,471	2,580,556
Other		3,586	3,586	3,494
TOTAL NON-CURRENT ASSETS		5,316,633	4,245,972	3,124,872
TOTAL ASSETS		9,486,506	6,143,609	5,924,934
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		900,699	756,736	740,966
Deferred revenue		2,147,137	1,661,193	1,195,637
TOTAL CURRENT LIABILITIES		3,047,836	2,417,929	1,936,603
NON-CURRENT LIABILITIES				
Provisions		109,993	97,251	80,287
TOTAL NON-CURRENT LIABILITIES		109,993	97,251	80,287
TOTAL LIABILITIES		3,157,829	2,515,180	2,016,890
NET ASSETS		6,328,677	3,628,429	3,908,044
EQUITY				
Contributed equity		9,648,634	6,553,932	6,553,932
Accumulated losses		(4,035,380)	(3,605,225)	(3,279,610)
Other reserves		715,423	679,722	633,722
TOTAL EQUITY		6,328,677	3,628,429	3,908,044

Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	Issued Capital A\$	Accumulated Losses A\$	Employee Equity Benefits Reserve A\$	Total Equity A\$
At 1 July 2007		6,553,932	(3,605,225)	679,722	3,628,429
Loss for the half year			(430,155)		(430,155)
Issue of ordinary shares during the half year					
Issue of share capital		3,199,282			3,199,282
Transaction costs		(104,580)			(104,580)
Share based payment				35,701	35,701
At 31 December 2007		9,648,634	(4,035,380)	715,423	6,328,677
At 1 July 2006		6,528,748	(3,138,272)	522,761	3,913,237
Loss for the half year			(141,338)		(141,338)
Issue of ordinary shares during the half year					
Exercise of options		15,000		(10,184)	4,816
Share based payment		10,184		121,145	131,329
At 31 December 2006		6,553,932	(3,279,610)	633,722	3,908,044

Statement of Recognised Income and Expense

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	31 December 2007 A\$	31 December 2006 A\$
Net Income recognised directly in equity	-	-
(Loss) for the half-year	(430,155)	(141,338)
Total recognised income and expense for the half year	(430,155)	(141,338)
Attributable to equity holders of the company	(430,155)	(141,338)

Cashflow Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

31 December 2007 31 December 2006

	Note	A\$	A\$
Cash flows from operating activities			
Receipts from customers		926,432	1,180,939
Grants received		631,513	795,317
Payment to suppliers and employees		(1,688,542)	(1,367,254)
Interest received		39,204	35,198
Net cash flows from operating activities		(91,393)	644,200
Cash flows from investing activities			
Proceeds from sale of plant and equipment		1,241	429
Purchase of plant and equipment		(36,566)	(98,225)
Payments for intangible assets		(15,498)	(56,006)
Payments for research and development costs		(1,092,550)	(1,226,868)
Net cash flows (used in) investing activities		(1,143,373)	(1,380,670)
Cash flows from financing activities			
Exercise of options		-	15,000
Issue of shares		3,199,282	-
Costs of capital raising		(104,580)	-
Net cash flows from financing activities		3,094,702	15,000
Net increase in cash and cash equivalents		1,859,936	(721,470)
Cash and cash equivalents at beginning of period		1,375,428	2,407,053
Cash and cash equivalents at end of period	5	3,235,364	1,685,583