



seeingmachines

30 November 2010

**Seeing Machines Limited
("Seeing Machines" or the "Company")**

ANNUAL GENERAL MEETING

Seeing Machines Limited (AIM: SEE), a leading developer of advanced computer based imaging software systems, announces that at its Annual General Meeting ("AGM") held today in Canberra all resolutions were duly passed. A copy of the notice of meeting with details of the resolutions is available from the Company's website www.seeingmachines.com.

During the AGM, the Chairman, Bill Mobbs and CEO, Nick Cerneaz addressed the meeting. Full copies of the statements made by the Chairman and the CEO follow below and are also available on the Company's website.

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Chairman's Address

Welcome to the Seeing Machines 2010 Annual General Meeting. Initially I will address the meeting followed by our CEO, Nick Cerneaz. Between us we will review the performance of the business and the substantial progress made toward achieving the company's vision through this period and that ahead. Following these addresses we will be happy to take any questions that you may have.

Seeing Machines has made very good progress through the 2010 financial year. Not only did the company close the year in June 2010 in a much stronger position than when it began, we have also laid the foundation for strong forward growth of the business through both this current year and beyond. The new 2011 financial year to date has continued that good work and we maintain good forward momentum toward realizing our current near and longer term strategic objectives.

Concluding the prior FY2009 year the company had dealt with many difficulties imposed through the deepening global economic downturn of 2008-9, and in particular the decline within the global automotive industry through that period. A significant corporate restructure in February 2009 to contain costs and consolidate the business was followed by the formulation and implementation of a new corporate strategy that included a significant shift to actively promote to the resources sector the much improved DSS™ product. The DSS™ product (known as both the Driver State Solution™, and the Driver Safety Solution™) is, as I am sure most of you are well aware, a device to mitigate the substantial risks of driver distraction and driver fatigue. It has particular relevance for fleet operators conveying high value and or hazardous goods, and the economic relevance of the DSS in any such operation is greatly amplified where high downtime costs are a factor. The DSS helps fleet managers and operators improve both their operational safety and bottom line performance through direct mitigation of these risks.

In that context the mining industry has embraced the DSS as a proactive solution to the material issues of fatigue and distraction that are routinely experienced within their operations.

The Board's strategy to pursue, in the first instance, this sector of the highly diverse global transportation markets was formulated as a specific objective in the fall out of the global automotive industry's decline. Naturally it is very pleasing to see that strategy begin to realize successes as illustrated through the new contracts and deployments announced to the market through FY2010 and the interim period since then. Nick will review further details of these successes when he addresses you in a few moments.

With the development of our resources industry strategy and the initial successes of those plans beginning to show operational results through the early part of the 2010 financial year it was clear to the Board that to maximize and realize the opportunities that lay ahead, additional new capital resources would be required. Following extensive marketing by the Company's Board and executives to existing and potential new investors in the UK and Australia, a secondary placing on AIM was completed in April 2010. The placing raised GBP £3.3 million gross and in recognition of the tremendous opportunities that were presented by our strategy it was finalized at a 22% premium to the stock's trading price prevailing in the market at the time.

A very pleasing aspect of the placing was the introduction of a significantly broadened shareholder base incorporating many new Australian investors. It is a pleasure to welcome all the new shareholders to the company.

The injection of new capital into the company has allowed us to accelerate the execution of our DSS strategies. Activities undertaken have included:

- Engaging new DSS business development and sales support staff, and opening a new sales and customer support office in Brisbane, Queensland, to address the Australian mining markets;
- Opening a new DSS sales and customer support base in Tucson Arizona, to address the north American continent;
- Appointment of a DSS mining channel partner for both sales and customer support across the African continent;
- Development of DSS mining industry channel partners across South America, including in Columbia, Chile, Peru, Bolivia and Brazil (which nearing appointment); and
- Commencing significant engineering works at our Canberra based technology centre to create the next generation DSS product platforms, which further improve product ruggedness and maintainability whilst reducing field maintenance and support costs.

Of course the DSS is one of many endeavours within Seeing Machines, alongside our faceLAB® , faceAPI™ businesses and the TrueField Analyzer® product development project. Both the faceLAB and faceAPI businesses achieved record sales figures for their respective products in FY2010, whilst development of the TrueField Analyzer was continued through the course of the year in a collaborative effort with the Australian National University. In a few moments Nick will detail the market development activities underway now taking these businesses forward.

With so much activity progressing on so many fronts within the company it is often hard for those outside the company to keep abreast of all the relevant effort, activity and importantly the progress achieved. Regulatory announcements to the market provide a few salient details of significant events though often there are many smaller events and activities that are interesting to shareholders and provide a more rounded picture of the Company's endeavours. A request for regular communication with shareholders is a common theme in all feedback that we receive and was itself a factor in announcing at last year's Annual General Meeting that we would endeavour to publish on a regular basis a shareholder newsletter to meet this need. Two editions have been released so far and a third edition is planned for release before the end of the year.

Communication with shareholders is always a two-way street. Through extensive dialog with existing and new shareholders at the time of the placing in April 2010 we received a very strong message from many shareholders that they were keen that the Company ensure that the interests of the executive team and board of directors are aligned with the interests of shareholders, particularly through appropriate incentive schemes. In consultation with significant shareholders and the company's legal, accounting, auditing and human resource consultants an Executive Share Plan addressing the competing objectives has been devised and is the subject of a resolution before this meeting. Your Board has endorsed the proposed scheme as striking the best balance between offering material incentives to executives to ensure the performance of the company against the various legal, regulatory and practical constraints that apply. I strongly support the plan as proposed and recommend it to all shareholders.

As mentioned previously, through the 2010 financial year Seeing Machines established a strong foundation for the company, well placed for continued growth. Our strategic objective to position the DSS business squarely in the mining and resources sectors in the first instance has begun to pay dividends through a growing client list and pipeline of prospective business. The continued general boom in the global resources sector has provided some stability to our endeavours, although these gains are set against both the negative impacts of the strengthening Australian dollar relative to US dollar, and our continued dependence on a small number of high value deals. Each of these factors present challenges for the company moving forward, challenges we continue to work to address every day.

Before handing over to Nick to cover more operational aspects of our endeavours I would like to take this opportunity to thank the entire Seeing Machines team, including our shareholders, my fellow directors, our staff and their families. Our success so far, and importantly our future growth, results from our combined efforts working together as a team. I am enthusiastic about the future ahead for Seeing Machines and I look forward to that journey with you.

Bill Mobbs
Chairman
30 November 2010

CEO Address

As Bill has mentioned the 2010 financial year was a very positive year for the Company. Although total sales revenue was down 14% on the prior year to A\$4.47 million it was a notably positive year in commercial terms for a number of significant factors:

- with a series of significant deployments in mines around the globe, the DSS™ has established itself firmly as the premier product in the mining industry to combat driver fatigue and distraction particularly in the high value and high risk environment of haul truck operations; and has since gone on to develop a very extensive pipeline of business opportunity extending across the globe and across all vehicle types;
- the successful funding round concluded in April 2010 provided necessary capital resources to rapidly build our DSS sales and customer support infrastructure, as well as commence product development improvements designed to further minimize product delivery and field support issues, which are particularly relevant in the harsh environments commonly experienced in the mining industry;
- faceLAB® recorded a record sales year, up by 10% over the prior year to A\$2.6 million; and
- faceAPI™ recorded a record sales year, up by almost 60% over the prior year to A\$506 thousand.

I would like to run through each of these businesses and briefly review the salient operational events over the last year and highlight the forward roadmap for the business in regard to each of these operations.

The major recent successes for our DSS business include:

- Establishing a master purchasing agreement with Freeport McMoRan Copper and Gold Inc. (“Freeport”) governing the supply of the DSS across Freeport’s entire global operations;
- Full haul truck fleet deployment of the DSS at multiple Freeport operations around the globe;
- Full haul truck fleet deployment of the DSS to BHP Billiton’s Energy Coal mining operations at the Navajo and San Juan mines in New Mexico, USA;
- And the supply and installation of small scale initial deployments of the DSS at a variety of other mines and operating companies. These initial deployments establish a strong pipeline for further forward sales in our DSS business and form part of our qualified business development pipeline.

The initial development of our DSS mining business was focussed on the essential task of supplying the DSS device into the vehicle cab. This is a necessary and essential step in the driver monitoring based DSS business and it was the natural starting point for our endeavours. As you know there is a continual effort underway improving the DSS-IVS™ sensor platform that underpins the DSS product and those improvements are constantly being introduced to the field as they become available.

Further to these changes a second and equally important element of our DSS infrastructure roadmap is to provide a full turn-key service offering to clients built around the in vehicle DSS-IVS unit. This service model offering brings together our expertise in fatigue management through dedicated educational training workshops in fatigue science and management; the DSS-IVS units themselves; and a series of end-to-end data storage, management, analysis and reporting services that together provide a complete solution for a fleet operator. Built on a recurring services model this full turn-key service provides a method to generate a long term and scalable revenue stream for the company and represents an exciting new phase in the forward development of our DSS business. The initial market reaction has provided a very positive endorsement of this strategy and we will continue to pursue this approach ahead.

The combined product and services business model described here is not solely applicable to the mining industry alone, rather it is universally relevant to all transport operations including the significantly larger road-transport markets. Although the road-transport sector naturally presents much larger opportunities given the scale of that sector, and our operational strategies maintain an effort and ambition to exploit this market in due course, our immediate near term focus remains in the mining industry with its significantly deeper focus and commitment to proactively addressing their driver safety issues and risk mitigation.

Our DSS business has established a strong brand in the mining industry and with continued good performance of the device in the field we expect the existing forward pipeline of business opportunities to translate into solid commercial performance for the company, both through this current year and in the years beyond.

Turning now to our faceAPI product. In July 2010 we announced two new production license contracts for the faceAPI – one with Di-O-Matic in the 3D animation industry for feature films and other media production; and the second with Pillar Vision for use within their next generation basketball training products. Each of these production licenses illustrates well faceAPI’s software licensing based business model, where our objective is to license faceAPI to product developers who

use it within their product developments and pay Seeing Machines a license royalty for each product they ship.

To maintain the value of our product offering we continue to develop and enhance the capabilities and functionality offered within faceAPI aiming to maintain its relevance and applicability to whatever products our client's are developing. Good marketing intelligence is important in this process and our faceAPI business development team based in the United States is ideally placed to gather this information. The next major release of faceAPI is currently in test release with a selected number of clients who have been putting it through its paces prior to its final release for general sale expected in Q1 of 2011.

Among the many important recent developments in faceAPI's potential markets over the last year, 3D visualization has perhaps been the most significant. The likely impact of genuine 3D visualization technologies in entertainment, social and professional application contexts is hard to understate, and adequate foresight of this global trend has led to the development of the faceAPI product with very advanced tools for enabling the creation of compelling 3D visualization environments. I am pleased to report that Seeing Machines continues to work extensively with 3D visualization developers and we eagerly look forward to their products reaching their respective markets.

Whilst faceAPI revenues in FY2010 of A\$506k had grown significantly over the prior year (by nearly 60%), it should be noted that the vast majority of that revenue arose from direct sales of developer licenses for our developer kit programming environment. Only a small portion of the total sales revenues was generated from production licenses in FY2010. Consequently as further third party development efforts using the faceAPI translate into volume production and higher value production licenses we look forward to a correspondingly significant increase in faceAPI sales revenues arising from that, and in doing so the realization of a guiding faceAPI strategic objective. Once again this is a business that is poised for growth and we look forward to executing on that strategy.

faceLAB. As mentioned previously faceLAB has enjoyed another record sales year spurred on by the association with our technology partner Eye Tracking Inc. (ETI), who provide a highly optimized and advanced data analysis environment integrated with faceLAB 5. As with any product, constant innovation and development is an important factor in maintaining product currency and relevancy, and consequently product revenues. We continue to work with ETI and in response to significant competitive pressures in this marketplace to renew the product, I am pleased to report that we have embarked on a collaborative development effort with ETI to create the next generation faceLAB product, offering users many new benefits over existing eye and head tracking solutions. faceLAB forms an important part of our portfolio of products offering a research level platform with extensive features and configurability extending well beyond the application specific nature of our other products.

Finally I'd like to update you on our TrueField Analyzer® (TFA™) development project before handing back to Bill. As you may be aware the TFA project has been working on resolving an outstanding technical issue prior to restarting the luminary evaluation program. The issue has related to the control of the stimulus luminance within the stimulus delivery mechanism and its consequential impacts on maintaining device stability and minimizing variability. Most of the work to evaluate the device and progress the finalization of this issue remains with our colleagues at the Australian National University, though Seeing Machines is also assisting that effort. Recently some very positive steps have been taken toward a resolution with a number of improvements being made to the device setup which are now being tested. The luminary evaluation program remains on hold until the matters are fully identified and resolved.

In summary, our business has come through a difficult period over the last one or two years and on the back of a definitive strategy we have built a very strong foundation to build the company through

this year and beyond. With definitive near-term opportunities across multiple businesses we are now moving to create more robust revenue streams and bring greater predictability to our operation.

Finally, I would like to reiterate Bill's message of thanks to all our stakeholders for their continued support and encouragement over the past 12 months. I would especially like to thank the dedicated team we have working at Seeing Machines. The expansion of our target horizons has required extraordinary effort from many people, right from the most junior new employee through to management, from researchers and development engineers through to manufacturing, sales, customer service and support. We are all indebted to their extraordinary efforts and I'd simply like to acknowledge that effort here and offer my sincere thanks to all for that. I think Seeing Machines has some unique and revolutionary products and technology, and with such a dedicated team working in markets with clear appetite for our offerings there is every reason to maintain an enthusiasm for the future of the company. I certainly do and I look forward to that ahead.

Nick Cerneaz,
Chief Executive Officer
30 November 2010