

News in this Edition...

Major new DSS™ deployments

Contracts for new DSS installations in the Americas, Asia and Australia continue to drive the DSS business forward

DSS African News

Booyco Electronics appointed DSS African channel partner and hits the ground running

DSS South American News

Recently installed and planned DSS deployments right across Chile, Peru, Brazil and Colombia are building momentum for our South American DSS business.

DSS Sales & Field Support Offices

New DSS sales and field support offices have been opened in Brisbane, Australia and in Tucson, USA to support the mining and resource industries in Australasia, North America and direct support for our channel partners in South America.

DSS performance data for mining industry

Operational data recently gathered from full-scale DSS deployments in real mining operations has demonstrated the significant benefits of the DSS to help organizations mitigate operational risks.

faceAPI awarded two new contracts

The faceAPI has won new contracts in the animation and sports training markets. Additional market development in 3D visualization is building pace.

Vital statistics

Ticker	SEE-LON
Market	LSE AiM
Current Price	£0.035
52-Week Range	£0.01 - 0.05
YTD Change	107.7%
Average Daily Vol (3Mo)	56,000
Market Value (M)	£14.2
Shares Out (M)	405.8
Institutional Holders	4%
Top 10 Inst Holders	4%

From the Chair

It was pleasing to meet with investors at the company's AGM held in Canberra at the end of last month, and discuss – especially with such enthusiastic shareholders – our progress to date and the prospects ahead.



As discussed at the AGM, 2010 has been a good year for the company with realization of the initial phases of both our DSS and faceAPI strategies. With exciting prospects ahead to build on these foundations I am excited about the year ahead, and especially the opportunity for the company to

realize the Board's broader and longer term strategic objectives.

During the last year we completed a major fund-raising to support our DSS ambitions, raising A\$5m gross; initiated significant expansion of our DSS

business and have established a strong pipeline of business for the periods ahead. Our other businesses, particularly the faceAPI continue to progress as expected and we look forward to next year with enthusiasm.

Sincerely,
Bill Mobbs, Chairman

From the CEO

Welcome to the new edition of *SM-News*, focussing on terrific recent developments in our **DSS™** and **faceAPI™** businesses.



Further to the series of new DSS contracts already announced to the market we have been building our infrastructure, both direct sales and field support resources and extending our channel partner network to reach significant new markets for the DSS.

The continued use of the DSS within real mining operations has allowed us to measure performance data and track the effectiveness of the DSS at reducing operational risks associated

with driver distraction and fatigue in the mining industry – reported later in this edition of *SM-News* (this extends the report in *SM-News-Ed1* that showed performance data in a road transport context).

We conclude this edition with a review of recent faceAPI contracts and the future prospects for this business unit.

Finally, thank you for your continued support for all of our efforts – our entire team greatly appreciates it. I'd also like to take this opportunity to wish you a very happy, prosperous and festive Christmas and New Year.

Sincerely,
Nick Cerneaz, CEO

DSS Sales and Field Support Offices

Seeing Machines has recently opened two new DSS offices, in:

- Brisbane, Australia; and
- Tucson, Arizona, USA.

Both locations serve DSS mining markets: with Brisbane addressing DSS Australasian sales and field support; and Tucson providing DSS field support for our existing North American sales staff and new South American partners.

In addition to internal relocations, new staff have joined the company at these regional offices, including those with specific and extensive experience in sales and support of transport safety equipment in the mining industry.

Market reception has been extremely positive and we look forward to providing a greatly enhanced level of service from these new bases.



DSS Mining Industry Performance Data

In [SM-News-Ed1](#) we published results of a case study that illustrated the strong positive influence of the DSS on driver behaviour and a corresponding significant reduction in rates of “severe events” for drivers within the DSS equipped fleet. That case study involved a road-transport operation with heavy rigid vehicles travelling on US public roads, often at highway speeds.

Coupled with a good FMP the DSS can drive dramatic and rapid changes in driver behaviour and significantly mitigate driver fatigue risks

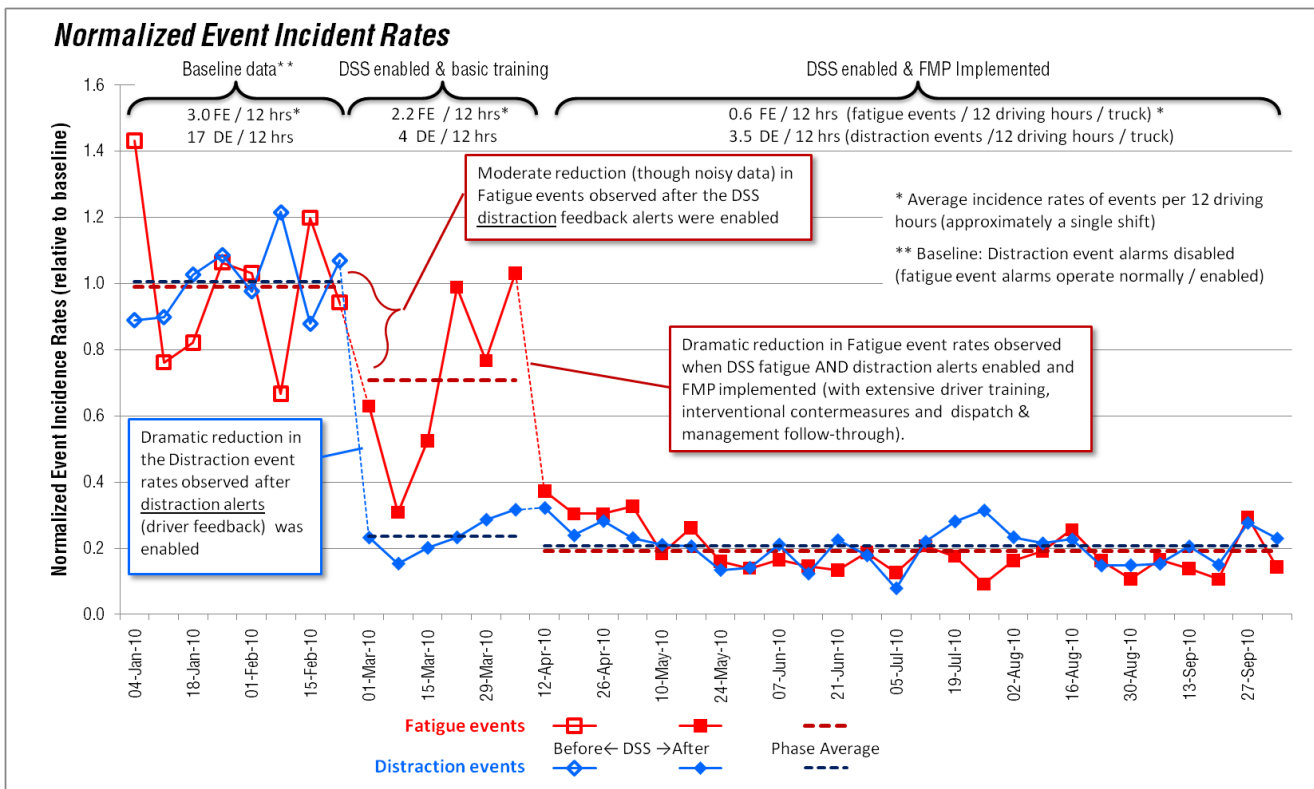
With widespread DSS installations at mine sites through 2010 we have recently collected substantial operational data in real-world mining situations that illuminate the usefulness of the DSS at mitigating risks of driver distraction and fatigue, especially when coupled with a highly integrated and strongly supported *Fatigue Management Plan* (FMP). The preliminary results of this work are summarized here.

distraction alarms disabled), and then in two phases: the automatic distraction alerts were enabled; and then a new FMP was implemented – along with *extensive* training to raise awareness, and with committed support from management to drive the corresponding cultural changes required.

Results: Known DSS influence on behavioural elements – specifically a strong reduction in distraction incidence rates – was confirmed (blue line in chart). Importantly, a significant influence of the DSS+FMP (red line) was observed, generating a *significant* and relatively *rapid* reduction in fatigue events.

With widespread DSS installations at mine sites through 2010 we have recently collected substantial operational data in real-world mining situations that illuminate the usefulness of the DSS at mitigating risks of driver distraction and fatigue, especially when coupled with a highly integrated and strongly supported *Fatigue Management Plan* (FMP). The preliminary results of this work are summarized here.

Conclusions: It was known from prior work that the DSS was very good at significantly reducing undesirable driver distraction behaviours (illustrated by the blue line). This work shows that when coupled with an effective and strongly



Setup: Ten haul trucks (full site deployment) were fitted with DSS-IVS units (see [SM-News-Ed1](#) for details of the DSS system and components). Distraction and Fatigue event data was automatically uploaded from vehicles across the mine’s WLAN infrastructure to a cloud-based *DSSi* data management and analysis service provided by SM. Real-time alarms were automatically generated and propagated to dispatchers and superintendents by an onsite *DSSi-Link* relay service. Drivers received introductory training in the system at toolbox talks covering basics of human sleep physiology, the DSS system and how to utilize it to successfully manage their own fatigue. After initial commissioning a baseline was obtained (with

supported FMP the DSS system can be highly effective at also mitigating driver fatigue risks (red line in chart).

In short, the DSS system coupled with an effective and strongly supported FMP can drive **dramatic** and **rapid** changes in driver behaviour, leading to a significant mitigation of driver fatigue risks.

The importance of implementing a good FMP with effective countermeasures alongside the DSS cannot be understated. Seeing Machines has developed a wealth of knowledge about such FMPs and assists clients to implement plans that maximize their returns on an investment in the DSS.



faceAPI

In July 2010 we announced two new production licenses for our faceAPI product, with

- Di-O-Matic Inc., Montreal Canada, and
- Pillar Vision, Inc., Athens, Alabama, USA.

As a software licensing and royalty based business model, the faceAPI generates revenues from 3rd party system developers that embed the technology within their own products, and then market those products to their own customers.

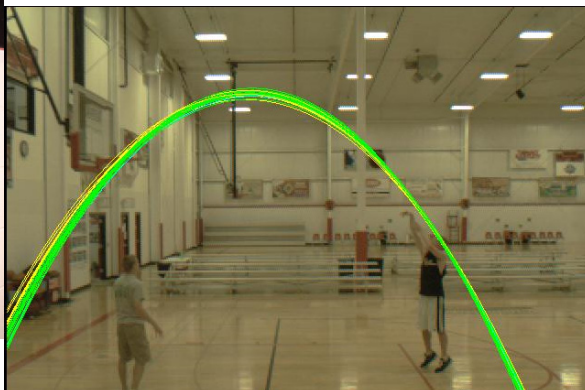
Sometimes the footprint of faceAPI within a product is obvious and visible (for example in Di-O-Matic's Maskarad product), other times it is much harder to notice (e.g., in Pillar Vision's Noah Instant product).

faceAPI Developer Kits sales have continued to grow, particularly into the computer gaming and 3D visualization markets. With many 3rd party efforts actively embedding faceAPI into new & current product developments we look forward to announcing news of further production license deployments in 2011.

Di-O-Matic's Maskarad product, uses faceAPI to track high density facial feature motion in real video sequences, generating realistic and compelling character animation sequences driven by real human motion. Elements of faceAPI's facial feature tracking is evident in Maskarad's green tracking markers.



Pillar Vision's Noah sports training systems (including the wall mounted Noah Instant shown at left) use our tracking technology to accurately track the flight of the basketball and help players significantly improve their goal scoring skills.



Financial Calendar

Interim Results (6 mths to Dec 2010)	22 March 2011
FY11 Year End	30 June 2011
FY11 Full Year Results	20 Sep 2011

Upcoming Events

DSS: SME Meeting, Denver, CO	27 Feb - 2 Mar 2011
DSS: Managing Fatigue in Transportation, Perth, WA	21-24 Mar 2011
TFA: ARVO Annual Meeting Fort Lauderdale, FL	1-5 May 2011
DSS: CIM Annual Meeting Montreal, Canada	22-25 May 2011

Contact Details



L1, 11 Lonsdale Street GPO Box 782
Braddon Canberra
ACT 2612 ACT 2601
Australia Australia

Telephone: AU: +61 (0)2 6103 4700
US: +1 888 EYE GAZE
(1-888-393-4293)

Facsimile: +61 (0)2 6103 4701

Email: info@seeingmachines.com

Web: www.seeingmachines.com

WALBROOK
PUBLIC RELATIONS

Paul Cornelius | Walbrook Investor Relations

Telephone: +44 (0)20 7933 8794

Email: paul.cornelius@WalbrookIR.com



Seeing Machines Limited • GPO Box 782 Canberra ACT 2601 Australia • Tel +61 2 6103 4700
Seeing Machines Inc. • Acton MA 01720 USA • Tel (toll-free) 1-888 EYE GAZE (1-888-393-4293)

www.seeingmachines.com • info@seeingmachines.com • Ticker: AIM:SEE

SM-News, Edition 3 • DocID:sm11050-0 • Copyright © Seeing Machines Limited 2010