



13 April 2010

Mr W Baggott  
ASX Limited  
Level 8, 2 The Esplanade  
PERTH WA 6000

**Request for Reinstatement of Trading in Securities and Update on Negotiations**

Dear Wade

The Company ("SMN") requests that trading in its securities be resumed as of the opening of the market today, Tuesday 13 April 2010.

As a result of an inconclusive renegotiation process with the company with which SMN entered a partnership agreement (previously announced to the ASX on 23 September 2009), both parties have agreed to sever the relationship and terminate the agreements between the two companies.

The primary reason why the renegotiation process resulted in this outcome was that the new offer presented by the company did not provide sufficient assurance of a future revenue streams to SMN as a supplier to the company.

SMN has commenced discussions with parties with regard to a capital raising and potential partnership to provide the working capital required to deliver the orders that were announced on the 25 March 2010, and enable SMN to remain operational.

Further details will be released to the market as they become available.

Yours faithfully

Colin McDonald  
Company Secretary

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**ARBN 106 307 322**

A public limited liability company incorporated under the laws of England and Wales.

**Notes:**

Structural Monitoring Systems plc Australian Securities Exchange code: SMN

**Company Contact**

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**About Structural Monitoring Systems**

Structural Monitoring Systems is a structural integrity sensor system company engaged in commercialising its leading edge Comparative Vacuum Monitoring (“CVM™”) technology, to produce remote crack detection sensor and instrument products based on the patented CVM™ principle that will radically reduce the cost of maintenance and vehicle or plant down-time associated with performing safety critical structural integrity NDT inspections. Durable, simple to design and manufacture, easy to install and use, highly reliable and with a benchmark crack detection capability, CVM™ technology has application in a broad range of commercial, military and industrial market sectors, specifically in air, land and sea transportation systems, power-generation systems, and industrial processing plants.

Structural Monitoring Systems has received accreditations from The Boeing Company and the Australian Defence Force endorsing the use of CVM™ sensors and PM200 handheld monitoring instrument as a suitable means of performing structural integrity inspections. The Company has also achieved a major milestone with Airbus acknowledging CVM as being “Technology Ready” to be included in its commercial aircraft maintenance programs. In the commercial aircraft sector Structural Monitoring Systems has well established relationships with the four largest aircraft manufacturers: Boeing; Airbus; Embraer; Bombardier. Structural Monitoring Systems also has well established relationships with air forces in the US, UK, Europe, Australia, and Asia, and with whom CVM™ technology is being evaluated for various military aircraft structural integrity monitoring applications.

**Company Web Site**

[www.smsystems.com.au](http://www.smsystems.com.au)

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Any statements made herein that use the words “estimate”, “prospect”, “expect”, “believe” and similar expressions are intended to identify forward-looking statements. These forward-looking statements may be affected by inaccurate assumption or by known and unknown risks and uncertainties which could cause actual results, performance or achievements of the Company to be materially different from those which may be expressed or implied by such forward looking statements, including among others, risks or uncertainties associated with the development of the Company’s technology, the ability of the Company to meet its financial requirements, the ability of the Company to protect its proprietary technology, potential limitations on the Company’s technology, the market for the Company’s products, government regulation in Australia, the UK, the US or elsewhere, changes in tax and other laws, changes in competition and the loss of key personnel. For additional information regarding these and other risks and uncertainties associated with the Company’s business, reference is made to the Company’s reports filed from time to time with the Australian Securities Exchange. As a result of the predictive character of such forward looking statements, investors should not rely on such statements in making decisions about the Company’s prospects and / or the acquisition or disposal of the Company’s securities.