



2 September 2005

The Listing Manager
Australian Stock Exchange Limited
Level 8, 2 The Esplanade
PERTH WA 6000

Dear Sir

Placement to Cornerstone Institutional Investor

The Company is pleased to advise that it has placed 19,800,000 shares at 12 cents each to Orbis Capital Limited for proceeds of approximately \$2,376,000.

The proceeds will be used to fund the ongoing development and commercialisation of the Company's Comparative Vacuum Monitoring (CVM™) technology.

Orbis Capital Limited is part of the Orbis Group, a Bermuda-based global investment advisory firm. Orbis manages client assets in a range of long only and absolute return funds. For further information on Orbis please visit their website at www.orbisfunds.com.

The Company will also place another 1,033,333 shares to an institutional investor at 12 cents per share, raising a further \$124,000.

An application for quotation of these shares will follow in due course.

Managing Director, Mark Vellacott said "We are delighted to have Orbis Capital, an investor of global significance with a long-term view, join the Company. It is a tremendous vote of confidence in the progress we are making in the commercialisation of the company's CVM™ technology. The attraction of institutional investors is an important development in the next stage of the Company's growth. The Orbis investment brings to the Company a strong cornerstone investor with a long-term investment view. This endorsement of the Company and its technology by an established institutional investor follows our recent announcements of significant agreements with Boeing and Airbus".

On 2 June 2005 SMN announced an agreement with Airbus to jointly develop CVM™ technology for in-flight structural health monitoring of Airbus aircraft. More recently, on 10 August 2005, SMN announced a commercial licence agreement with The Boeing Company. These agreements place SMN in a strong position for the commercialisation of CVM™ technology on both existing and future large commercial aircraft.

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ARBN 106 307 322

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

Enquiries regarding the above announcement or any aspect of the Company's commercialisation program can be directed to Mark Vellacott, Chief Executive Officer on (08) 9204 4844.

For and on behalf of
Structural Monitoring Systems plc

Colin McDonald
Company Secretary