



7 September 2005

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

Dear Sir

Placement of Shares

The Company is pleased to advise that it has placed 5,833,333 shares at 12 cents each to institutional clients of Sydney-based firm KTM Capital. This placement has raised a further \$700,000 (before costs) in addition to the \$2,500,000 raised through the placement to Orbis Capital Limited and associated parties announced on 2 September 2005.

On 5 September 2005 the Company announced a Share Purchase Plan which will enable investors who are registered as shareholders on 14 September 2005 to subscribe for up to \$5,000 worth of shares at 12 cents each.

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.

The injection of funds into the Company will enable it to proceed with its commercialisation and development program of the CVM™ technology in line with the objectives under these agreements.

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

Australian Office

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