



14 December 2006

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 announce that it has finalised a placement of 30,000,000 shares at 12.5 cents per share to several institutional investors, raising \$3,750,000.

The funds will be used to continue the commercialisation and development of the Company's structural health monitoring technologies, and represent sufficient funding through to 2008.

The Company was assisted in this capital raising process by LINWAR Securities, a Sydney based small cap specialist advisor. The investors in the Company represent a combination of existing major institutional shareholders and new investors who have indicated that they will be taking a long term interest in the Company.

The Managing Director, Mr Mark Vellacott, said "This placement of shares is a very positive outcome for the Company. The fund raising should secure the financial position of the Company until the generation of revenues enables us to become cash flow positive within the next two years. There was strong interest from institutional investors in the placement. It is also very encouraging that the share register will be strengthened by high calibre, long term investors who share our vision of becoming a market leader in the provision of structural health monitoring technology solutions to the aerospace and other industries."

Yours faithfully

Colin McDonald
Company Secretary

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