



20 December 2005

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

Dear Sir

Australian Government Commercial Ready Grant

The Directors of Structural Monitoring Systems plc (ASX: SMN) are pleased to announce that the Company has been offered a grant of \$2,983,537 under the Australian Government's Commercial Ready program.

The grant is to be provided for the development of the Company's Comparative Vacuum Monitoring (CVM™) technology, for an in-flight structural health monitoring system.

The grant funds will be used by SMS to further develop and commercialise CVM™ sensor and instrumentation systems technology, to be capable of the in-flight monitoring of commercial and military aircraft structures, with the aim of improving aviation safety, reducing maintenance costs, increasing aircraft availability and improving aircraft design.

The period of the grant has been timed to coincide with program of work being conducted under the Airbus joint development agreement, which is planned to be concluded by the end of 2007.

In addition to supporting the medium term objectives of the Airbus joint development agreement, the grant funds will also assist the Company to accelerate its near term commercialisation activities with Boeing civil aircraft and military aircraft operators, to bring its innovative structural integrity monitoring technology, invented and developed in Western Australia, to the global civil and military aircraft markets.

Managing Director of Structural Monitoring Systems, Mark Vellacott said "the offer of this Commercial Ready grant provides a huge boost to SMS's well-established commercialisation program, and will greatly assist the introduction of CVM

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technology into the civil and military aerospace sector, as well as enabling the company to cement its position as a leading SHM systems technology provider.”

He also recognised the high degree of professional advice and support that had been provided by Ernst & Young in assisting the development of the grant application.

Enquires regarding the above announcement or any aspect of the Company’s commercialisation program can be directed to Mark Vellacott, Managing Director on (08) 9204 4844.

For and on behalf of
STRUCTURAL MONITORING SYSTEMS plc

Colin McDonald
Company Secretary