



CLARIFICATION TO ANNOUNCEMENT

Structural Monitoring Systems Plc ("SMS" or "the Company") (ASX: SMN) *retracts the following statement from the March 28th announcement entitled OPERATIONS UPDATE, PLATFORM EXPANSION & APPOINTMENT OF KEY HIRE:*

"With these core changes implemented over the next 90 days, estimated top-line monthly sensor revenue will increase to several US\$-million per month, and as a clear demonstration of the previously highlighted operating leverage the Company enjoys, this revenue capability will be achieved with a total capital investment of less than \$C200,000. SMS firmly believes that the immediate planning and integration of the measures above is essential to satisfying projected industry demand for CVM™ sensors and related equipment in 2018 and beyond."

The Company replaces the retracted statement with the following clarification:

The Company has defined a clear path to achieve significant revenue in the future as a result of the acceleration of several key operational and platform decisions. In particular, this is a result of significantly expanding CVM™ manufacturing capacity of the AEM Sensor production capability at the AEM facility. Previously the production capability was limited to approximately 500-600 sensors per month, due primarily to a lack of clean-room capacity and floor area. The Company advises it has plans in place to increase sensor production capacity to, initially, approximately 2,000 sensors per month through the following measures:

- Significantly expanding the footprint area of the production clean room
- Purchasing a new, state-of-the-art laser machine used to manufacture the sensors. The cost of this machine is approximately C\$40,000
- The identification and on-boarding of additional CVM™ equipment line-production staff which will effectively treble current production staff headcount
- The identification of additional primary materials and parts suppliers to provide full redundancy back up and eliminate potential bottle-necks that could negatively impact "inhouse" production capacity.

With these core changes implemented over the next 90 days, the estimated value of sensor inventory production can potentially be increased by US\$3-4 million per month, and as a clear demonstration of the previously highlighted operating leverage the Company enjoys, this capability will be achieved with a total capital investment of less than \$C200,000.

This estimated increase in the value of inventory produced by the expanded facility is not a revenue projection but an estimate of the value of the inventory at full production. SMS firmly believes that the immediate planning and integration of the measures above is essential to satisfying projected industry demand for CVM™ sensors and related equipment in 2018 and beyond.

ASX ANNOUNCEMENT

ASX: SMN

29 MARCH 2018

**STRUCTURAL
MONITORING
SYSTEMS**
plc



For further information, please contact:

Simon Hinsley

NWR Communications

Investor Relations

T: +61 401 809 653

E: simon@nwrcommunications.com.au

Sam Wright

Company Secretary

T: +61 8 9386 4787

E: sam@straightlines.net.au