



30 April 2008

The Listing Manager  
ASX Limited  
Level 8, 2 The Esplanade  
PERTH WA 6000

Dear Sir

**APPENDIX 4C – THIRD QUARTER COMMITMENTS TEST ENTITY**

Please find attached an Appendix 4C Quarterly Report for entities admitted on the basis of commitments for the quarter ended 31 March 2008.

Commercial interest in the Company's Comparative Vacuum Technology (CVM) has continued to increase during the last quarter with sales to new customers in both the aerospace and automotive sectors. The marketing activities commenced in 2007 are showing good results and the Company is well positioned to generate significant revenue from sales from its existing range of qualified CVM products.

Some of the advancements in commercialising the CVM technology in the last quarter include:

- The first installation of a CVM sensor system on a Boeing commercial aircraft in the US, as an important part of the process of Boeing approving a specific service bulletin for the first CVM application to replace an existing manual inspection process;
- Airbus advising that the CVM technology is "Technology Ready" for use on in service Airbus aircraft. Airbus is to demonstrate the CVM technology to Airbus aircraft operators at an upcoming maintenance conference, and to discuss the improvements in maintenance practices that the use of CVM systems will deliver, with the aim of entering into a program to phase in the CVM technology. The Company will be following the conference with a marketing campaign to Airbus aircraft operators;
- Orders for CVM systems, sensors and training from the South American regional aircraft manufacturer, Embraer;

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**Australian Office**

Unit 5, 15 Walters Drive Osborne Park, WA 6017  
Telephone: +61 8 9204 4844 ~ Fax: +61 8 9204 4866

**United Kingdom Office**

4 Elwick Road, Ashford, Kent TN23 1PF, United Kingdom ~ Telephone: +44 (0) 1233 666795 ~ Fax: +44 (0) 1233 646840

**ARBN 106 307 322**

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

- Orders for CVM systems and sensors by the Canadian regional aircraft manufacturer Bombardier Aerospace for evaluating aircraft maintenance cost reduction applications;
- On-going successful progress by the US and other Air Forces in their evaluation of CVM sensors for use on military aircraft fleets;
- Preparation of a quote to a European Air Force for the installation of CVM sensors on a fleet of one of their aircraft types, we expect that this will be the first full fleet fitout of CVM for a military operator;
- Sales of CVM Switch and sensors to new automotive customer Bosch in the USA and a large component manufacturer in Germany; and
- Repeat orders of CVM sensors and equipment from Airbus for their on-going test and qualification programs for new aircraft and materials.

Investors should refer to the Company's April newsletter for more information on recent developments.

The Company has received approximately \$100,000 in revenue since the end of the quarter and taken in some large orders, including an order for US\$231,000 from Embraer. The Company is confident that its revenue streams will be more substantial in subsequent quarters. Management is looking to focus on revenue generation, marketing, production and customer support now that the development phase for the PM200 instrument has delivered a qualified product.

In order to secure the advantage the Company has established in aerospace structural health monitoring and to accelerate marketing and revenue generation, the Company is evaluating its options to raise some additional working capital. Discussions have commenced with a number of interested parties and details of the progress of these discussions will be made available once they are finalised.

Yours faithfully

A handwritten signature in black ink, appearing to read 'C McDonald', written in a cursive style.

Colin McDonald  
Company Secretary

## Appendix 4C

**Quarterly report  
for entities admitted  
on the basis of commitments**

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Structural Monitoring Systems plc

ABN

106 307 322

Quarter ended ("current quarter")

31 March 2008

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (..9.... months) \$A'000
1.1 Receipts from customers	36	251
1.2 Payments for		
(a) staff costs	(934)	(2,739)
(b) advertising and marketing	(86)	(202)
(c) research and development	(170)	(454)
(d) leased assets	-	-
(e) other working capital	(191)	(1,002)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	46	198
1.5 Interest and other costs of finance paid	(2)	(6)
1.6 Income taxes paid		
1.7 Other (provide details if material) Grant income	-	322
<b>Net operating cash flows</b>	<b>(1,301)</b>	<b>(3,632)</b>

	Current quarter \$A'000	Year to date (9... months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(1,301)</b>	<b>(3,632)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(47)	(125)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
	(47)	(125)
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>(1,348)</b>	<b>(3,757)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material) Cost of issues		
<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>	<b>(1,348)</b>	<b>(3,757)</b>
1.21 Cash at beginning of quarter/year to date	3,721	6,130
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>2,373</b>	<b>2,373</b>

## Payments to directors of the entity and associates of the directors

## Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	144
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil
1.26	Explanation necessary for an understanding of the transactions	

## Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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## Financing facilities available

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,373	3,721
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.23)	2,373	3,721

## Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: \_\_\_\_\_ Date: .....30 April 2008.....  
(~~Director~~/Company secretary)

Print name: .....Colin McDonald.....

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a)- policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.