



30 January 2009

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

Dear Sir

APPENDIX 4C – SECOND 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 December 2008.

The following developments were announced to ASX during the quarter:

- On 27 October 2008 the Company announced that Bombardier Aerospace of Canada and a North American airline had commenced a program to certify specific Comparative Vacuum Monitoring (CVM) applications for Bombardier CRJ100/200 series aircraft. Initial orders were received from the North American airline for a CVM application kit and the lease of a PM200 instrument, which represented a milestone for the Company as they are the first by an airline for a commercial CVM application.
- During the quarter the Company completed a rights issue to existing shareholders which raised \$1,008,362 before costs. The funds raised enabled the Company to recommence operations with a reduced cost structure and with a focus on production, sales and product support to meet customer demand for CVM products.
- The Company announced that it had received letters of support for the rights issue from three European Aeronautic Defence and Space (EADS) companies.
- On 27 October 2008 the Company held an extraordinary general meeting at which shareholders approved changes to the share capital which had restricted the Company's ability to raise capital. The restructuring was to reduce the nominal value of the Company's shares from £0.05 per share to £0.005 per share, which is the minimum price at which the Company can issue shares. Changes were also made to the Company's articles to bring them into line with changes to the UK Corporations Act 2006.

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ARBN 106 307 322

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

Yours faithfully

A handwritten signature in black ink, appearing to read "Colin McDonald". The signature is written in a cursive, flowing style with some loops and flourishes.

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 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 ... months) \$A'000
1.1 Receipts from customers	230	389
1.2 Payments for		
(a) staff costs	(166)	(606)
(b) advertising and marketing	-	(36)
(c) research and development	-	(115)
(d) leased assets	-	-
(e) other working capital	(247)	(557)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	11
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid		
1.7 Other (provide details if material) Grant income	-	164
Redundancy payments	(15)	(218)
Royalty payment	(22)	(22)
Net operating cash flows	(218)	(994)

	Current quarter \$A'000	Year to date (6... months) \$A'000
1.8 Net operating cash flows (carried forward)	(218)	(994)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(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)		
Net investing cash flows		
1.14 Total operating and investing cash flows	(218)	(994)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	1,009	1,009
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	(2)	(2)
Net financing cash flows	1,007	1,007
Net increase (decrease) in cash held	789	13
1.21 Cash at beginning of quarter/year to date	291	1,067
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	1,080	1,080

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	47
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	
Payments to non-executive directors were suspended effective 1 July 2008.	

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	1,080	291
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	1,080	291

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:

(~~Director~~/Company secretary)

Date: ...30 January 2009.....

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.