



30 October 2009

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

Dear Sir

#### **APPENDIX 4C – FIRST QUARTER COMMITMENTS TEST ENTITY**

Please find attached an Appendix 4C Quarterly Report for entities admitted on the basis of commitments for the quarter ended 30 September 2009.

The following developments occurred during the quarter:

##### **Strategic Partnership**

During 2009 the Company has been engaged in on-going discussions with a large international aerospace company, and on 23 September 2009 it was announced that it had entered into an agreement with that company to develop and commercialise CVM™ technology in the civil and defence aerospace sectors.

CVM™ technology has gained acceptance by aircraft manufacturers, operators and regulators, however, they have been reluctant to commit to CVM™ as the Company, due to its size and financial position, cannot guarantee continuity of supply and support for the CVM™ technology over the very long time periods required by the aerospace industry. Marketing CVM™ through a well established and accepted Tier 1 supplier overcomes these issues.

We are now working with this new partner to roll out CVM™ to our existing customer base and new customers that have expressed interest in CVM™.

##### **FAA / ATA “Better Way” Award**

On 25 September 2009 the Company announced that the Air Transport Association of America (ATA), the industry trade organisation for the leading U.S. airlines, in association with the Federal Aviation Administration (FAA) in the USA, recognised the “CVM Team” as the recipients of the 2009 FAA-ATA Non-Destructive Testing (NDT) “Better Way” award. The “Better Way” award recognises a team of government and airline industry individuals who together worked to advance inspection and testing of aircraft structure, components or systems.

---

##### **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.

The recognition of the “CVM Team” as recipients of the FAA – ATA NDT Forum “Better Way” award for 2009 is a great honour for your Company and our CVM technology. This is the first time that a team working to introduce an in-situ Structural Health Management (SHM) sensor into operational service with the airlines has received this prestigious award. The award is testament to the progress that that been made by Structural Monitoring Systems with aerospace industry partners in maturing the CVM technology for aircraft structural integrity monitoring, and also recognition of CVM’s high potential for reducing the cost of aircraft inspection related maintenance and improving aircraft availability.

Yours faithfully

A handwritten signature in black ink, appearing to read "Colin McDonald". The signature is written in a cursive, flowing 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")

30 September 2009

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (3 ... months) \$A'000
1.1 Receipts from customers	77	77
1.2 Payments for		
(a) staff costs	( 184)	( 184)
(b) advertising and marketing	(2)	(2)
(c) research and development	(5)	(5)
(d) leased assets	-	-
(e) other working capital	(222)	(222)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid		
1.7 Other (provide details if material) Tax rebate	271	271
Partnership income	76	76
<b>Net operating cash flows</b>	<b>12</b>	<b>12</b>

	Current quarter \$A'000	Year to date (32.... months) \$A'000
1.8 Net operating cash flows (carried forward)	12	12
<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		
(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)		
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	12	12
<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>	12	12
1.21 Cash at beginning of quarter/year to date	347	347
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	359	359

## 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	97
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

--

- 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

--

## 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	357	345
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)	357	345

## 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 October 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.