



**STRUCTURAL
MONITORING**
S Y S T E M S
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24 October 2006

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

Dear Sir

VALIDATION OF CVM – BOEING NDT STANDARD PRACTICES MANUAL

A presentation by the FAA Airworthiness Assurance NDI Validation Centre (AANC) on the independent program being conducted by the FAA to validate the Company's Comparative Vacuum Monitoring (CVM™) technology for inclusion in the Boeing Non-Destructive Test (NDT) Standard Practices Manual (SPM), was given at Air Transport Association NDT Conference, in Fort Worth, Texas, USA on the 19th of October.

The presentation documents the drivers for and successful results achieved from the program for the application and certification of CVM™ sensors for in-situ crack detection on Boeing commercial aircraft. A soft copy of this presentation "Validation of CVM for Boeing SPM - ATA NDT Forum 06 Roach 10-06" may be downloaded from the company's web site at www.smsystems.com.au.

The Company is working with The Boeing Company and FAA AANC to finalise the associated program test reports and peripheral activities for the agreed incorporation of a CVM™ procedure into the Boeing NDT SPM during November.

At which time CVM™ will be available as an approved means for performing in-situ structural integrity inspections for new Service Bulletins, or as an Alternative Means of Compliance (AMOC) for existing manual inspection Service Bulletins.

To this end, the Company is working with The Boeing Company and two US airlines to enable CVM™ sensors to be approved for use as an alternative for a number of existing manual inspection Service Bulletins on Boeing 737 and MD-80 aircraft.

Yours faithfully

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Company Secretary

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