



29 July 2005

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

Dear Sir

APPENDIX 4C – FOURTH 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 June 2005.

Shareholders have recently been updated with the progress of the Company during the quarter with an investor newsletter.

Cashflows for the next two quarters will be enhanced by the receipt of funds from the contract with the Pakistan Air Force amounting to approximately \$ 830,000, and the sale of 180 sensors and instrumentation systems to Airbus to monitor several locations on the A380 full scale fatigue test rig in Dresden, Germany amounting to approximately \$ 250,000.

Yours faithfully

Colin McDonald
Company Secretary

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ARBN 106 307 322

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

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

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

STRUCTURAL MONITORING SYSTEMS PLC

ARBN

106 307 322

Quarter ended ("current quarter")

30 June 2005

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| 1.1 Receipts from customers | 223 | 512 |
| 1.2 Payments for | | |
| (a) staff costs | (647) | (3,123) |
| (b) advertising and marketing | (106) | (564) |
| (c) research and development | (51) | (127) |
| (d) leased assets | | |
| (e) other working capital | (326) | (1,447) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 30 | 164 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Other (provide details if material) Govt grants | 52 | 52 |
| Net operating cash flows | (825) | (4,533) |

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 | 127 |
| 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 | |
| | The amount represents salary and superannuation payments in respect of the Executive Director and Directors' Fees and superannuation payments in respect of Non-Executive Directors. | |

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

N/A

- 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

N/A

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 | Nil | Nil |
| 3.2 | Credit standby arrangements | Nil | Nil |

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 | 2,594 | 3,471 |
| 4.2 Deposits at call | | |
| 4.3 Bank overdraft | | |
| 4.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 2,594 | 3,471 |

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: 29 July 2005
(Director/~~Company secretary~~)

Print name: Mark Vellacott

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.