



APPENDIX 4C - QUARTERLY REPORT AND BRIEF COMPANY UPDATE

Highlights:

- SMS remains extensively involved in multiple programmes and contract negotiations, as previously highlighted in various communications. These involve major aerospace OEM's, defence forces and civil aerospace concerns – involving both fixed-wing and rotor aircraft.
- Most importantly is the progression of the most significant contractual arrangement established between a company in the field of Structural Health Monitoring (“SHM”) and a pre-eminent leader in the global aerospace industry. SMS expects to provide complete, and final, details regarding the execution of this extremely important, and “company-making”, agreement to the market *in the immediate near-term*.
- During the quarter, SMS formed a marketing partnership with Octus Aerospace Solutions Ltd (“OAS”), a team of high profile individuals based in the Middle East, to assist with, and fast-track, CVM™ supply and/or licensing agreements with some of the world's largest, most important airline operators. OAS personnel have uniquely strong relationships with key executive level, “C-suite” airline management, and have extensive experience across the aviation sector - including very senior roles with Emirates Airlines and The Boeing Company.
- Senior personnel from SMS management, Testia, Airbus and leading industry expert, Dennis Roach, from Sandia Laboratories, completed a pivotal roadshow in the Middle East with leading airlines to introduce SMS' industry-leading CVM™ technology directly to upper management, and senior technical teams.
- Cash at bank as at 30 June 2017 was approximately \$A2.9 million, seeing the Company fully funded to achieve full, licensing (or similar) based commercialisation of CVM™, thereby achieving a cash- flow positive operational platform. As a result, SMS does not expect a requirement for any equity-based operational funding at any time in the foreseeable future, as all visible operational requirements are more than adequately funded.

For further information, please contact:

Simon Hinsley

Investor Relations

P: +61 401 809 653

E: simon@nwrcommunications.com.au

Sam Wright

Company Secretary

P: +61 408 900 277

Mike Reveley

Executive Director, Chief Financial Officer

E: m.reveley@smsystems.com.au

Toby Chandler

Chief Executive Officer

E: t.chandler@smsystems.com.au

Andy Chilcott

Non-Executive Director

E: a.chilcott@smsystems.com.au

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Structural Monitoring Systems plc

ARBN

106 307 322

Quarter ended ("current quarter")

June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development		(131)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(99)	(266)
(f) administration and corporate costs	(190)	(653)
1.3 Dividends received (see note 3)		
1.4 Interest received	16	67
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST)	(4)	8
1.9 Net cash from / (used in) operating activities	(277)	(975)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		454
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities		454

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,220	3,460
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(277)	(975)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)		454

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	4
4.6	Cash and cash equivalents at end of quarter	2,944	2,944

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,944	720
5.2	Call deposits		2,500
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,944	3,220

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

89

Director's Wages & Salaries

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	75
9.6 Administration and corporate costs	175
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	250

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Company Secretary)

31 July 2017

Date:

Sam Wright

Print name:

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.