



Major OEM Programme Update

Structural Monitoring Systems plc (“SMS” or “the Company”) (ASX: SMN) is pleased to provide material information regarding the Company’s continuing, multiple programmes (“the Programmes”) with one of the world’s leading aviation OEMs. Given the proprietary nature of the Programmes involving SMS, the FAA Airworthiness Assurance Center within Sandia National Laboratories (“Sandia”) in New Mexico and the OEM; the name of the OEM has been withheld until the final aviation regulator approval hurdles have been passed later this year. However, SMS management would like to provide an update as to the general framework and goals of the Programmes to investors.

SMS, Sandia and the OEM have collaborated to select representative “hotspot” applications on multiple aircraft types. Currently, three far-reaching, generalised CVM™ Service Bulletin (“SB”) revisions have been written for *entire* aircraft regions (not just single applications) – this represents a dramatic advancement in more global CVM™ approval. These SB revisions are as follows:

- 1) multiple CVM™ installation on the wing structure,
- 2) multiple CVM™ installation on the forward fuselage structure, and
- 3) multiple CVM™ installation on the central fuselage structure.

Further, these SB revisions are also designed to be applied to a large number of aircraft in the OEM’s fleet, to achieve as broad a level of *effectivity* as possible. As follows:

- 1) the wing structure and forward fuselage revisions each tie to effectivity on 72 different aircraft types, and
- 2) the central fuselage revision ties to effectivity on 74 different aircraft types.

The twin goals of the Programmes are to ultimately obtain general approval for multiple applications on multiple different aircraft from global regulators, and most importantly, to have CVM™ as a fully mandated, recognized and accessible tool for future maintenance needs which would not require any subsequent, or case-by-case regulator approval on these aircraft.

Sandia is currently compiling the test data for the OEM that will be used for all regulatory approvals of the SB revisions. The final step, once the domestic regulator approval has been finalized, will be an OEM-Sandia-FAA meeting to be held at the Transport Directorate in Seattle to obtain formal US agreement (i.e. FAA approval) of all SB revisions targeted by the OEM. Currently, we are informed that the pre-requisite approvals from the domestic aerospace regulator will be finalized in Q1-2017, followed shortly thereafter by critical FAA approval, essentially a formality given the bilateral agreements in place between all the major global aviation regulators.

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These Programmes highlight the continued, inexorable move toward global adoption of CVM™ technology with OEMs and carrier/operators in the civilian aviation industry. Further, SMS is excited to have the support of all of our industry partners and investors as we mature the adoption of CVM™ across the civilian and military (fixed-wing and rotary) aerospace sector.

Mike Reveley, SMS CFO/COO commented: “The efforts of OEMs, operators and military partners working in conjunction with SMS to identify applications and seek regulatory approval for CVM™ is gaining significant momentum daily, and speaks to CVM’s™ unique ability to engineer solutions to a variety of SHM issues in fixed-wing and rotor aircraft. Importantly, for our investors, the opportunity set for significant and near term commercial monetization grows with each additional approved application for CVM™.”

Delta/Boeing Programme

We are pleased to announce that Boeing has now completed the administrative process of formally approving the CVM™ for the Center Wing Box application employed in the Delta/Boeing programme. A modified Boeing Service Bulletin, that includes the use of CVM™ to conduct the health monitoring of the wing box components in lieu of traditional inspections, has been issued. This now permits *all* 737-NG operators worldwide to use CVM™ sensors to replace existing ground-based, time intensive inspection protocols. Further, the *Form 8100-9* approval, originally sought as the desired outcome of the programme, would have required each carrier/operator to seek case-by-case, individual approval to use CVM™ via a new Form 8100-9 filing. By adopting a full SB *revision* to mandate CVM™ as an alternative inspection method, Boeing has greatly streamlined the adoption process/cycle for CVM™ and has established a demonstrably positive approval protocol precedent for all future applications that will employ CVM™.

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