



27 April 2006

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

Dear Sir

**LETTER OF INTENT – SAFAIR (Pty) Ltd**

The Company is pleased to announce that it has entered into a Letter of Intent with SAFAIR (Pty) Ltd (“SAFAIR”) with respect to the supply by the Company of its CVM structural health monitoring systems for application to the SAFAIR fleet of ten Hercules L382 aircraft.

SAFAIR ([www.safair.co.za](http://www.safair.co.za)) is a subsidiary of Imperial Holdings Limited, a company listed on the Johannesburg Stock Exchange, and is based at Johannesburg International Airport, South Africa. SAFAIR specialises in leasing and chartering passenger and cargo aircraft to domestic and international operators. SAFAIR is also certified to perform aircraft maintenance checks up to and including “D” checks.

This Letter outlines SAFAIR’s intent to procure the CVM system for structural health monitoring for a ten year period in order to reduce maintenance costs and time spent in the hangar.

The value to SAFAIR in using the CVM technology is associated with reduced maintenance costs, and improved aircraft availability and hangar space utilisation.

The rate that SMS and SAFAIR will agree for the use of the CVM systems will reflect and be proportional to the value that can be confidently be predicted over the 10 year period, and be charged on a 'per aircraft per month' basis.

The CVM system will be fitted to the SAFAIR L382 aircraft as they become available from July 2006.

There are approximately 1600 Hercules aircraft in service and we are already in discussion with other Hercules operators regarding the installation of the CVM system to reduce maintenance costs and improve operational availability.

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**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.

Yours faithfully

A handwritten signature in black ink, appearing to read "Colin McDonald". The signature is written in a cursive style with a prominent initial "C".

Colin McDonald  
Company Secretary