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IBA Group Ltd.

IBA House
7 The Crescent
Leatherhead, Surrey
KT22 8DY
United Kingdom

Tel: +44 (0) 1372 224488
Fax: +44 (0) 1372 224489
www.ibagroup.com

SIA and Qantas Say A380 Cracks Pose No Risk

Small cracks recently found on wing components of A380 super-jumbo aircraft pose no safety risks, Qantas and Singapore Airlines said today.

The news comes after the aircraft model's manufacturer, Toulouse-based Airbus, said on Thursday that tiny hairline cracks had been spotted on several A380s but said the issue would not affect the plane's ability to fly normally nor would they pose any safety risks.

Following the announcement from the jet maker, two carriers utilising large numbers of A380s - Singapore Airlines and Qantas - reassured passengers that A380 flights were safe and that precautions were being taken.

A spokeswoman for the Australian carrier said today that the cracking was "miniscule" and added that it was only found on one of the airline's 10 A380s. She said that the plane was undergoing repairs in Singapore even though the issue entailed "no safety risks whatsoever".

Likewise, Nicholas Ionides, a spokesman for Singapore Airlines told reporters today that the cracking, which according to reports is almost invisible to the naked eye, was found on two of the company's 14 A380s. He added that repairs had already been made on the two planes.

The Qantas jet that had been repaired due to the cracking is the same aircraft that experienced an engine failure after takeoff from Singapore in late 2010, but officials say the two events are unrelated.

Meanwhile, Steve Purvinas, head of the Australian Licensed Aircraft Engineers Association (ALAEA), said his organisation was calling for additional inspections of all A380 jets to ensure structural stability. The ALAEA was one of three labour unions that for months had locked horns with Qantas after the company announced in August a restructuring plan that included job losses and moving the carrier's international focus to Asia.

Source: Sally Peters, comparecarhire.co.uk - 6th January 2012

China Heavy-Lift Chopper Receives Certification

China's civil aviation authority on Thursday cleared the country's biggest-ever helicopter for domestic use, its state-owned manufacturer said.

The 13.8-ton AC313 is the latest advance for China's ambitious aerospace industry that spans military jets, commercial airliners, and even a manned space flight program.

The aircraft from Aviation Industry Corporation of China made its first test flight in March 2010 and certification means companies can immediately take delivery and start commercial flights. Its first customer is Northeast China-based China Flying Dragon Aviation, which flies cargo and passenger charter flights and does utility work such as forest fire fighting. It plans to lease the first five AC313s produced.

AVIC has said it also plans to apply for U.S. and European certification to allow foreign sales, but has not said when it will do so.

The AC313 is the latest example of China's adaptation of foreign technology that has facilitated numerous breakthroughs in its aviation industry.

The aircraft is a larger and heavily modified version of the 7-ton Zhi-8 medium transport helicopter that is a close copy of the French SA 321 Super Frelon. China bought 13 of the French helicopters in the 1970s and at least one was reportedly disassembled for study and reverse-engineering.

It is powered by Pratt & Whitney PT6B-67A engines from Canada, underscoring--g China's weakness in that key technology.

AVIC says the aircraft is suitable for missions ranging from search and rescue to sightseeing and can operate in harsh conditions at a maximum range of 560 miles (900 kilometers) and at altitudes of almost 28,000 feet (8,500 meters). It can carry up to 5 tons of cargo in a sling along with 27 passengers or 15 injured on stretchers.

AVIC has been the linchpin in China's aviation push, building latest-generation fighter jets and midrange commercial airliners, and is now working on a larger plane that would compete with Airbus and Boeing.

At 56 tons, the Russian Mi-26 is by far and away the world's largest helicopter, twice as heavy as the American CH-47 Chinook.

"The AC313 is the latest example of China's adaptation of foreign technology that has facilitated numerous breakthroughs in its aviation industry. The aircraft is a larger and heavily modified version of the 7-ton Zhi-8 medium transport helicopter that is a close copy of the French SA 321 Super Frelon."

Korean Air's Flights from Gatwick North Terminal

Gatwick Airport has announced that Korean Air - the national carrier of South Korea - is to launch three weekly flights from Gatwick to Seoul on April 29 this year from the newly renovated North Terminal.

A Boeing 777 aircraft will be deployed on the route, providing a choice of 225 seats in Economy Class, 28 in Prestige (business) Class and eight in First Class.

Guy Stephenson, Gatwick Airport's Chief Commercial Officer said: "We are very excited to welcome Korean Air to Gatwick. South Korea remains one of Asia's fastest growing economies and an important growth market for the UK. It is critical therefore that the UK has strong connections to this country and we are pleased that the airline has chosen to grow its London-Seoul route from Gatwick. We will work in partnership with Korean Air to help make this route a success and look forward to building a strong, long-term relationship with them."

South Korea is not just an important business destination. It also appeals to the adventurer, with the country offering many historical tourist attractions including the ancient capitals of Seoul, Gyeongju and Buyeo. Some natural landmarks include the peaks of the Baekdudaegan, particularly Seorak-san and Jiri-san, the caves of Danyang and Hwanseongul, and beaches such as Haeundae and Mallipo.

Travellers can also connect onto Korean Air's network in the Far East and Australasia, including flights to Sydney, Brisbane, Melbourne and Auckland.

Mr Jeong Soo Park, General Manager of Korean Air's London office said: "We are pleased to announce our UK route frequency increase with the introduction of London's Gatwick Airport. In addition to increasing the choice for our business travellers, we also look forward to welcoming leisure passengers looking to travel to Asia and beyond. This expansion reflects our ongoing commitment to providing convenient flight times and access to South Korea, as well as onward connections to South East Asia and Australasia. We look forward to welcoming our first customers through Gatwick this year and building a long-term relationship with the airport."

Under new ownership, Gatwick is targeting long-haul routes to

IBA's Comment:

"Given the tight slot availability at Heathrow, it makes sense for operators such as Korean Air, Hong Kong Airlines and Vietnam Airlines to start services from Gatwick. These services will also bring some much needed long haul connectivity to the airport, which has become dominated by low-cost short-haul and charter services"

- David Rushe

better connect the UK with emerging markets of the world. AirAsia X have recently switched their London home to Gatwick from Stansted, enabling passengers to fly direct to Kuala Lumpur and connect onto AirAsia's extensive route network across South East Asia.

On 9th December 2011 Vietnam Airlines launched, for the first time ever, direct flights from the UK via Gatwick to Hanoi and Ho Chi Minh City, helping to make Gatwick the new Asian gateway for London.

Gatwick also recently announced that Hong Kong airlines will be launching all-premium flights to Hong Kong in March and Air China will launch non-stop, four weekly services to Beijing beginning 2nd May 2012.

Source: crawleyobserver.co.uk - 5th January 2012

Kingfisher Asked to Explain How it's Ensuring Passenger Safety

A financial audit of airlines in India has revealed how the crisis in the aviation industry may have pushed airlines to cut corners on safety.

Bharat Bhushan, Chairman, Directorate General of Civil Aviation (DGCA) has said there were "significant findings" in the report of the audit, which was carried out over 3-4 months, on issues like maintenance of aircraft, shortage of commanders, pilots and cabin crew, lack of adequate training, scarcity of aircraft engines, components and crucial spares.

Two airlines, Kingfisher and Air India Express have been particularly hauled up and asked to explain how they are ensuring passenger safety.

An extensive survey of the financial status of airlines had led to concerns about whether they might use shortcuts that would endanger passenger safety. "I have met all of them individually to ask for steps about improvement," said Mr Bhushan.

However, the DGCA chief has dispelled all rumours of cancellation of licenses.

Although, in a statement, Sanjay Aggarwal, Chief Executive Officer, Kingfisher, has clarified, "DGCA did not have any significant findings or concerns with regard to safety at Kingfisher Airlines" and that the airline has "adequate number

IBA's Comment:

"Any rumours of safety issues at KF will raise concerns with lessors and lenders who still have assets with the airline.

There must also be worries over the condition of aircraft in local storage which would delay reactivation."

- David Rushe

of pilots and engineers to operate our scheduled services," but this news has left the already struggling Kingfisher Airlines red-faced.

The statement further assures that "safety is of paramount importance" but with one-third of Kingfisher's fleet currently grounded for want of spares, engines and components, and 24 pilots quitting in the last two months, the cash-strapped company will have to do much more than issue statements to regain consumer confidence.

The audit report is also critical of Air India Express, saying that there is a shortage of technical staff - especially pilots in the company. This is a clear sign of neglect by the government.

Air India Express too, over the coming days will have to show that it is taking adequate steps to ensure flyer safety. Watching them very closely will be the DGCA, as made clear by Mr Bhushan when he said, "All of them have been told about the lapses and asked to inform us about their plans to rectify their problems in a time-bound manner. If there are shortfalls or drawbacks, these will have to be addressed."

Source: ndtv.com - 5th January 2012

"Latest IBA data lists 16 aircraft from the fleet as grounded"

Jade Cargo Grounds Planes as Freight Demand Declines

Air freight carrier Jade Cargo has suspended all flights due to a continued fall in demand for air freight transportation.

A statement released by the company on 31st December confirmed the decision to temporarily ground all of its planes as a result of "overall weak air cargo demand". The freight carrier, which is a joint venture between Shenzhen Airlines and Lufthansa Cargo, started operating out of China's Shenzhen Airport in 2006, transporting supplies across the country and the rest of the world.

"The temporary suspension of Jade Cargo services is due to overall weak air cargo demand," said a statement. "It will also provide the shareholders with an opportunity to co-ordinate with stakeholders to continue with the restructuring of the company's financial structure." The company currently operates a fleet of six 747 cargo freighters.

The announcement came just a day after the International Air Transport Association (IATA) reported its global traffic report

"The company currently operates a fleet of six 747 cargo freighters."

for November. The report found demand in Asia-Pacific had declined by 6.4 per cent year-on-year.

Tony Tyler, Director General and CEO at IATA, said: "Weak global economic performance is being reflected in air transport markets. Freight markets have contracted some 4 per cent compared to January. Continuing economic uncertainty will likely mean market shortcomings deepening."

Andrew Herdman, director general of the Association of Asia Pacific Airlines, said the decline was a result of "cautious management of supply chain inventory levels given the prospect of weaker consumer demand in the major developed economies".

Source: Adam Leach, supplymanagement.com - 4th January 2012

Malaysia Airlines Prepares for an Alliance

Potential Qantas partner Malaysia Airlines has undergone a major management restructure as a decision approaches on whether the carriers will launch a premium carrier based in Kuala Lumpur.

The new structure at Malaysia, which is also being sponsored by Qantas into the Oneworld alliance, came into effect on New Year's Day and follows the departure of several key executives from the loss-making carrier.

The airline is also setting up new business units, including a network, alliance, strategy and planning business "to meet the dynamic needs of the market and to leverage on strategic alliances and partnerships with other airlines".

The division will be headed by Hugh Dunleavy, a 30-year veteran who has held senior positions at Westjet, Lufthansa, Star Alliance and Air Canada.

The new structure will see Group Chief Executive Ahmad Jauhari leading the airline's long-haul business and receiving direct reports from customer experience, operations, human capital and network alliance, strategy and planning executives.

Deputy Group Chief Executive Mohammed Rashdan becomes the Chief Executive of short-haul operations and takes on several financial responsibilities. Other new faces include former Etihad Airways Head of Pricing Shihaj Kutty, who will lead Malaysia's sales and revenue management operations.

"The new structure at Malaysia, which is also being sponsored by Qantas into the Oneworld alliance, came into effect on New Year's Day and follows the departure of several key executives from the loss-making carrier."

The restructure comes after a business recovery plan announced earlier last month included the surprise announcement that MAS would start a regional premium carrier later this year operating Boeing 737-800s on key business routes.

The aim is for the new airline to ultimately take over all MAS domestic and regional routes, allowing it to focus on long-haul travel.

But Qantas denied the MAS plan would derail a potential Kuala Lumpur-based joint venture to launch an ultra-premium airline serving medium-haul routes to Australia and within Asia using Airbus A330s.

Source: Steve Creedy, theaustralian.com.au - 4th January 2012

ATR Adds to Bumper Order Crop With Fresh Sale to GECAS

ATR, a Franco-Italian builder of turboprop passenger aircraft, said on Wednesday it has booked two new firm orders and two options from GE Capital Aviation Services, the commercial aircraft leasing and financing arm of General Electric Co. (GE).

The orders for short-haul, 78-seat ATR72-600 aircraft adds to ATR's bulging order book, which was boosted by a record order intake in 2011 of more than 150 fresh orders, making a backlog equivalent to four years of production. The previous annual sales record was 2007, when ATR sold 113 aircraft.

ATR has benefited from the rising cost of jet fuel, which has encouraged regional airlines to opt for turboprop aircraft, which offer reduced fuel burn and generally cheaper operating costs than jet aircraft.

The latest GECAS orders, potentially worth more than \$91 million if the options are converted into firm orders, follows on from a firm contract for 17 ATR aircraft and the same number of options signed at the Paris Air Show in June.

GECAS has already leased three of the aircraft to Brazilian regional carrier TRIP Linhas Aereas and has signed with Jet Airways (India) Ltd. for another five units, ATR said.

IBA's Comment:

"The last 18 months have been a period of strong sales for ATR. ATR has secured over 50 per cent of orders in the highly competitive 50-90 seat market in the last 18 months, despite the threat of new products from the Far East and Russia"
- David Rushe

With some 180 airlines now operating ATRs worldwide, it has become easier for leasing companies to place their aircraft. About 20% of the ATR aircraft sold last year went to leasing companies.

Source: David Pearson, nasdaq.com - 4th January 2012

Ministry's Statement on Sale of Four Disused Aircraft

Clarifications regarding the sale of four disused Airbus A340-300 jets that belonged to the fleet of Olympic Airlines, the former national carrier, were finally announced on Tuesday by the Ministerial Committee for Privatisations and Restructurings (DEAA).

In a statement, the DEAA underlined that the sale of the airplanes was made within the framework of the privatisation programme provided by the medium-term fiscal strategy programme, stressing that the sale constitutes an obligation undertaken by the country in compliance with the cooperation memorandum signed with the troika, which is constantly examining Greece's progress regarding its deadlines.

The four Airbus A340-300 jets were sold in August 2011 to Apollo Aviation Group, who offered the highest bid at 40.4 million dollars.

A previous open international tender announced in late 2009 was declared void after the highest bidder (Cirrus International), which had offered 97 million dollars, withdrew its interest due to inability to finance the transaction.

The statement emphasized that the international market for this type of airplane is shrinking because the planes are considered high-maintenance, so their production has been interrupted by the Airbus company. Also included in the statement was the concern that any further delay beyond the deadline set by the medium-term programme could carry the risk of being forced to sell the airplanes in question at an even lower price.

Source: Apostolos Papapostolou, Greece.greekreporter.com - 4th January 2012

"The four Airbus A340-300 jets were sold in August 2011 to Apollo Aviation Group, who offered the highest bid at 40.4 million dollars."



IBA Group News

Press Releases & Presentations can be viewed in the News & Views section of our website, www.ibagroup.com

Conference Dates

24th - 26th January 2012 - Euromoney 14th Annual International Aviation Finance Conference, Dublin - IBA is sponsoring and will be speaking

- IBA will be presenting its Regional Market Outlook at the Mitsubishi MRJ Dublin Seminar on 24th January
- David Rushe will be speaking at the Engine and Aircraft Values Day - 24th January on the subject "New Airframe Technology and what happens beyond the Neo/737RE"-
- Phil Seymour will be speaking and moderating on the Manufacturer Panel on Day Two 26th January
- Owen Geach and Steve Fisk will attend throughout

To receive a copy of any of the presentations or arrange a meeting with IBA during the conference please contact owen.geach@ibagroup.com

7th - 8th February 2012 - 2nd Annual International Corporate Jet and Helicopter Finance Conference, London - Phil Seymour, Owen Geach, Ben Jacques and Mark Wooller will attend

Phil Seymour's Notes on the Week

Happy New Year!!!

2012 brings some huge events in the diary, for example, the London Olympics and of course the ISTAT event, March 16th to 18th.

I will take part in the latter but alas my chances of becoming an Olympian at the age of 52 seem to have passed. My ego hasn't diminished however, so I have decided that a charity run in the 2012 London Marathon will happen. My training started this morning, at 06:00. Some stretching and a gentle jog. I arrived home breathless, aching and sweating (despite the just above freezing temperature). And that after only 15 minutes!!

What are you going to do in 2012?

Phil

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**Compiled & Edited by Mike Yeomans
www.ibagroup.com**

Tel: +44 (0)1372 224488 Fax: +44 (0)1372 224489

Happy New Year from everyone at IBA!!!!



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