

# ASIAN Aviation

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## Jet Airways, Air Sahara agree on revived takeover deal

Jet Airways, India's largest private carrier, has agreed to buy rival Air Sahara after the carriers settled their differences in the wake of a failed takeover bid last year.

The newly agreed purchase price of 14.5 billion rupees (US\$339 million) is 40 percent lower than the US\$500 million amount under discussion during the failed acquisition. Jet has made an initial payment to Sahara's parent Sahara Group of 5 billion rupees, with another 4 billion rupees due by 20 April and the rest to be paid in four annual instalments starting by 30 March 2008.

"There was a dispute and it has been settled amicably by both sides," Jet Airways lawyer Harish Salve told reporters at a press conference in Mumbai. The 2006 deal, first announced in January last year, fell apart over Jet Airways' failure to obtain the required regulatory approval by a 21 June deadline.

Air Sahara then offered a 15-day deadline extension, which Jet Airways turned down because the smaller carrier refused a condition to cut the price of the takeover by 10-20 percent.

The situation became acrimonious, with Sahara demanding compensation and complaining that the deal was a ploy to destroy the carrier. Officials of the airline claimed Jet had pressured the government to delay approval for its chairman Naresh Goyal to join the Sahara board until



Analysts speculate the Jet may operate Air Sahara as a low-cost unit.

after the deadline had passed.

Both parties laid claim to 15 billion rupees that had been placed in an escrow account as part of the deal, and a 5 billion-rupee advance payment made to Sahara Group.

Jet reportedly revived the takeover talks when it seemed the decision of an arbitration panel, set up to settle the dispute, could have gone in Air Sahara's favour.

"It is a good deal, which is going to help us," Jet's Goyal says of the revived takeover.

Analysts say that, while the deal does represent a substantial saving

for Jet and avoids the consequences of any unfavourable decision by the arbitration panel, it will delay the carrier's entry into profit, which was expected within a few months. Some speculate that Jet may operate Sahara as a low-cost unit.

The takeover will leave the combined carrier with a market share of about 32 percent, with Jet Airways now holding about 24.5 percent

of India's fast-growing aviation market, while Air Sahara has about 7 percent. The merged entity will control a majority of the lucrative Delhi-Mumbai route, which links

India's two busiest airports and alone accounts for half of India's domestic air travel market.

Jet Airways operates a fleet of 61 aircraft including ATR turboprops, single-aisle 737 jetliners and widebody Airbus A330/340 aircraft to 50 domestic and some international destinations. The carrier is also acquiring Boeing 777-300ER and 787-8 aircraft.

Air Sahara serves 29 domestic destinations in India with a fleet of 24 737s and Bombardier CRJ200 regional jets.

**Radhakrishna Rao / Bangalore**

## Qantas bidder APA eases takeover conditions

Airline Partners Australia (APA) has lowered the minimum acceptance level for its proposed, A\$11 billion (US\$9 billion) takeover of Qantas to 70 percent from the original 90 percent.

The new offer is aimed at saving the deal from collapse after a major institutional shareholder turned down the original offer, but will leave the airline with greater debt.

The revised offer has won backing from Qantas, which says in a statement that its board members "confirm their recommendation that Qantas shareholders accept the offer... in the absence of a superior proposal".

APA, a consortium of Australian and North American investors, made its original offer in February, with

the airline board's support. That offer required that APA should receive 90 percent shareholder acceptance, which would have allowed the consortium to forcibly acquire the remaining shares in the carrier.

The new offer was tabled after Balanced Equity Management, which owns 4 percent of Qantas, refused to sell at the offer price of A\$5.45, excluding a A\$0.15 dividend payment. There had been speculation that Balanced Equity and UBS Global Asset Management would use their combined shareholding to block the deal.

APA says it obtained agreement from its financiers to ease the conditions of the takeover, but adds that the revised deal will probably

require a new capital management policy that will increase Qantas's debt "significantly".

The higher debt will be used to fund a policy that APA says will involve "capital reductions of up to approximately A\$4.5 billion in aggregate and payment of dividends of up to 100 percent of Qantas's retained earnings during the term of the new facilities".

APA says it still hopes to acquire 100 percent of Qantas. By mid-April, the consortium had purchased or won acceptances for more than 30 percent of the stock.

APA has now extended the offer deadline to 4 May from 20 April, after having previously extended from 3 April.

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## Entechno prepares to fly Hoverpod

Australian technology company Entechno is planning to fly a full-sized version of its Hoverpod hovering air vehicle in April. The Hoverpod is being developed for manned and unmanned operations and has attracted the interest of a number of large aerospace manufacturers keen to use the technology.

Hoverpod has been designed and developed by Kim Schlunke, former chief executive of engine technology company Orbital Engine. The manned version can carry up to three people in a centrally mounted capsule. The full size Hoverpod will measure 2.7m in diameter, flying 1.5m above the ground with vertical take-off and landing capability.

Lift is provided by fans that draw

air from above and pump it below the vehicle's flow vectoring skirt. Instead of horizontal blades like a helicopter, the Hoverpod's fan has vertical blades mounted in its rim.

The Perth, Western Australia-based company has already flown a one-quarter scale Hoverpod and has conducted considerable computer work to understand the vehicle's flight dynamics. The full-scale version is initially being operated on a test rig for a month to measure responses.

"We will measure everything it does and when we think we have acceptable responses to controls we will take it off the test rig," says Schlunke. The first flight will be inside a building, covering 100 yards at 1m above the ground, he adds.



The full-size vehicle will be able to transport as many as three people, flying 1.5m above the ground.

The Hoverpod is being developed using a A\$2.5 million (US\$2.06 million) Australian Government grant to commercialise the technology. The company is trying to market the intellectual property rights to an aerospace manufacturer, and talks with a number of leading manufacturers have attracted lot of

interest in the unmanned technology, Schlunke says.

Potential applications for the Hoverpod include surveillance and search and rescue. Entechno is also talking to a number of companies in China interested in licensing and building Hoverpods for the personal sport and recreational market.

### Briefs

**AUSTRALIA'S CO-OPERATIVE** Research Centre for Advanced Composite Structures (CRC-ACS) and Canada's Composites Innovation Centre (CIC) have agreed to work together on the development and commercialisation of composite materials and process technologies, including aerospace composite structures. CRC-ACS is one of the world's leading composites research organisations, involving composites businesses, government research laboratories and Australian universities in composites research. The centre has developed numerous new composites technologies now used by the aerospace industry. CIC is a not for profit organisation sponsored by private industry and government.

**THE QUEENSLAND** state government has launched a competition to design, build and fly unmanned aerial vehicles (UAV) to raise awareness of the technology for civil applications. The UAV Challenge - Outback Rescue competition, which has a A\$60,000 first prize, will involve testing vehicles in exercises such as emergency medical supply drops to people lost in the bush. "While this technology is already used in defence, we are only just starting to explore its everyday potential," says Queensland Premier Peter Beattie, pointing to applications including cyclone search and rescue operations, crop management or in coastal warning systems. The competition is designed to showcase the strength of the Australian state's UAV industry, which accounts for about 30 percent of Australia's nationwide capability.

**BAE SYSTEMS** Australia and the Defence Science and Technology Organisation (DSTO) have signed a five-year strategic research and development alliance agreement. The partnership will focus on electronic warfare, autonomous systems, high frequency surveillance, air defence, air platforms, mission simulation and training and intelligence, surveillance and reconnaissance mission support. An earlier alliance between the two has resulted in a number of technology developments.

**NIPPON CARGO** Airlines has selected Rockwell Collins avionics for six new Boeing 747-400 Freighters. Deliveries will start in October and end in February 2009. The avionics include the GLU-925 Multi-Mode Receiver (MMR), an integrated unit that provides the aircraft's primary position, velocity and time reference and enables precision landing capability. The deal also includes the ADF-900 Automatic Direction Finder, DME-900 Distance Measuring Equipment, HFS-900D High Frequency System, CPL-920D Coupling Unit, the VOR-900 VHF Omnidirectional Radio, the CMU-900 Communication Management Unit with VHF Data Radio, SAT-906 Satellite Communication System and the TTR-921 TCAS.

## China's XAC buys Rockwell avionics for MA60 turboprop

Chinese manufacturer Xian Aircraft (XAC) has selected Rockwell Collins Pro Line 21 avionics to upgrade its 60-passenger MA60 turboprop aircraft.

"This agreement expands our presence in China and is the result of our longstanding and close working relationship with XAC," says Denny Helgeson, Rockwell's vice-president and general manager of business and regional systems.

XAC Vice President Chen Fusheng says the upgrade will improve the reliability of the MA60, strengthening its market position.

The Pro Line 21 system is designed to increase functionality, reliability and maintainability of the aircraft's avionics. It will also allow growth

## SMS in Boeing breakthrough

Australian company Structural Monitoring Systems (SMS) has achieved a breakthrough with its Comparative Vacuum Monitoring (CVM) technology, with Boeing agreeing to include the technology in the Boeing common methods non-destructive testing manual.

CVM detects and monitors structural integrity through the use of an inert sensor, adhered to the aircraft or embedded in the fuselage, a vacuum source to apply and control a low vacuum, and a fluid-flow measuring device. The sensor can detect sub-1mm cracks in metal surfaces, measure the crack, monitor bonded surfaces and the state of bonded joints, and measure crack initiation and propagation.

The approval from Boeing means that CVM technology is available for use as a validated means for performing in-situ structural integrity inspections on Boeing aircraft, to address crack-detection inspections

in future service bulletins and as an alternative means of compliance for existing inspections.

Approval by Boeing follows a two-year validation programme of the technology by the US Federal Aviation Administration, Boeing and US carriers Northwest Airlines and United Airlines. It means that the Perth-based company can now market the technology to operators of Boeing commercial aircraft.

SMS also has a joint development agreement with Airbus that will see CVM technology used on existing and new Airbus aircraft. Under an agreement secured with Airbus in 2005, the Australian company is developing CVM technology for an in-flight structural health monitoring (SHM) system for the European manufacturer's aircraft.

SMS has worked with Airbus for a number of years, with CVM being used to test materials for the A380.