

Aircraft Maintenance March 2007

Situated in the heart of Asia, Thailand is gearing up to become a full service hub and major player in the region's US \$13 billion dollar a year aircraft maintenance industry. With Bangkok recently soaring up the list to 15th in the global rankings measuring the world's busiest airports in passenger throughput, from an earlier rank of 26th, and as the cargo and passenger volume continues to accelerate further investments in aircraft maintenance becomes even more lucrative. Bangkok already ranks within the top twenty locations in the world for cargo traffic, which was a hefty 1.18 million tons.

Asia's economic boom, Thailand's export driven economy and its ever increasing popularity as an international tourist and even medical tourist destination has kept the sky filled with aircraft from every corner of the globe. Aircraft that need refueling, repairing, maintaining and refitting! The opportunities are as vast as the skyline.

The Boeing Company forecasts a market for the Asia-Pacific region of about 7,200 new airplanes worth \$770 billion over the next 20 years (March 07, 2006)

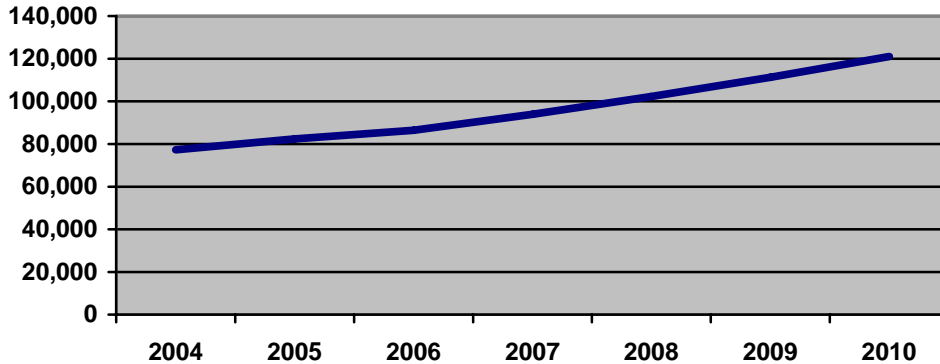
In 2006 alone the Asia-Pacific route registered an increase to 978.29 million passengers, jumping 10.3% from the previous year and 22.28% of the global total. That same year, there were a total of 42.8 million passengers serviced by Bangkok's Don Muang and Suvarnabhumi airports.

<p>"We chose Thailand to set up our first production facility outside the US because of the quality of its workforce, favorable laws and central location in Southeast Asia." Joseph C. Berenato, chairman and chief executive officer, Ducommun Incorporated.</p>
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Thailand's many strengths:

- GDP rising at an average of 5 percent per year since 2001, and similar levels of growth projected for the near future.
- Skilled, educated and motivated workforce: 96% literacy.
- World class infrastructure: 7 international airports, 8 deep-sea ports, rail and road lines linking every province, modern telecommunications.
- Signatory of free trade agreements, including the ASEAN Free Trade Area, granting access to a market valued at US\$700 billion, and the Australian Free Trade Agreement.
- Ranked by the United Nations as the top 3 location in Asia for FDI, by the World Bank as among top 20 in the world for ease of doing business and in the Grant Thornton International Business Report as the #6 location in the world for executive opportunities for women.

Thai Graduates in Science, Technology and Engineering



Source: Commission on Higher Education (includes BA, MA and post-graduate degrees)

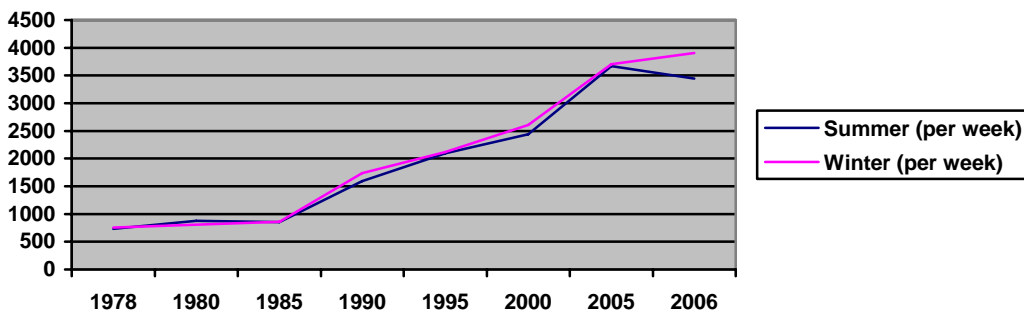
Parameters for Success

Thailand has the infrastructure in place for repair services, including overhaul of aircraft engines, and is already a major hub for the electronics and electrical appliance industry, which opens opportunities for cluster development of avionics and communications equipment.

Price, quality and service define Thailand's E&E industry, which has made the country the world's largest manufacturer of hard disk drives, and a major exporter of integrated circuits and consumer electronics. And with the addition of Ducommun's manufacture of high performance and high reliability commercial microwave switches, the benefits to aircraft maintenance become even stronger.

Added traffic with the opening of the new Suvarnabhumi International Airport has significantly boosted the growth potential of the aerospace industry in the country, with a capacity to service 45 million passengers per year and 76 flights per hour. Don Muang's reopening for arrivals and departures of domestic flights only increases the opportunities.

International Scheduled Flight Movements Bangkok International Airport



Excellent Aircraft Maintenance Infrastructure

Thai Airways: setting the international standard

A founding member of the Star Alliance and GE-approved CF6 Center for Excellence

THAI Technical Department of Thai Airways International is “one of the foremost maintenance centers in Asia.”

Bangkok facility: one the largest aircraft maintenance centers in Southeast Asia

With over 40 years of experience, a staff of more than 4,000 operate a facilities area of 170,000 sqm and offer superior engine maintenance, engine overhaul and component repairs that meet the highest European standards.

- 5 Hangars (6 Bays) of B747 size with full support system for wide body aircraft
- 1 bay of B737 size or equivalent
- 20,000 sq.m of apron area
- 46,100 sq.m Workshop
- 29,000 sq.m Spare Parts Storage Area
- 100,000 lbs. and 150,000 lbs thrust Computerized Engine Test Cell

U-Thapao facility

The Thai Technical Department at U-Thapao offers high-quality/low-cost airframe overhaul services for Boeing 737, 747, 777 series and for the Airbus A-300 series, as well as a full range of modification services including Section 41, Strut modification, Engine pylon, and TCAS.

The Thai Technical Department prides itself on excellence and safety, and has received international certificates from RAB (USA), TTA (Germany), RVA (Netherlands), UKAS (United Kingdom), COFAC (France), JAS-ANZ (Australia & New Zealand) and SCES (Switzerland), as well as approval from the US Federal Aviation Administration (FAA), Joint Aviation Authorities (JAA) and the Department of Aviation of Thailand (Thai DOA).

Thai Aviation Industries

“An expertise and experience in military aircraft depot level maintenance, aircraft modifications & upgrades, refurbishment, major structural repairs & corrosion control, and engine and components repair/overhaul.” Source: www.taicomp.com

Aerothai : Aeronautical Radio of Thailand

With over 50 years of experience, AEROTHAI has provided Air Traffic Services and related services with recognized international standards. AEROTHAI has used its know-how in air traffic control and engineering to expand its business in the aviation industry, especially in the Asia region. This business expansion includes:

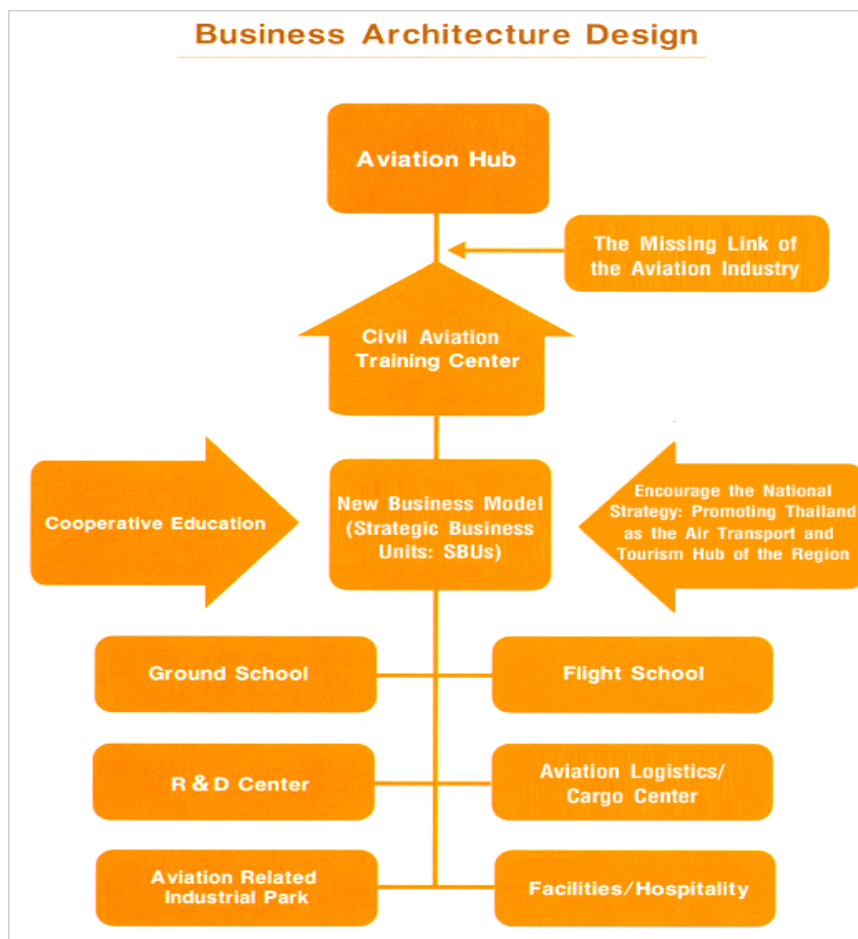
- Air Traffic Service and related services
- Communication Network Services
- Airline and Airport Communication Services
- Flight Inspection Service

Airports of Thailand Public Company Limited (AOT)

A public company since 30 September 2002, AOT has 6 international airports under its administration: Don Muang International Airport, Chiang Mai International Airport, Hat Yai International Airport, Phuket International Airport, Chiang Rai International Airport and Suvarnabhumi Airport.

Civil Aviation Training Center

"CATC is the Specialized Civil Aviation Center of the Region with Learning Organization of World-Class Human Resources."



Source: Civil Aviation Training Center

Thailand: an excellent and expanding market

“Thai Airways International and All Nippon Airways signed an agreement for Thai to conduct ‘heavy maintenance’ on ANA’s Boeing 747-400 aircraft” (February 2007)

Thai’s Board of Directors approve 200 new positions to recruit staff for the heavy maintenance department, to improve efficiency in aircraft maintenance, along with the purchase of US \$14.5 million in additional maintenance equipment. (March 2007)

Aircraft Parts and Components 2006 Imports and Exports

HS Code	Description	Imports US\$ million	Exports US\$ million
700721	Laminated safety glass for vehicles and aircraft, etc.	2.96	25.22
880390	Parts of non-powered & powered aircraft, etc.	209.51	1,120.25
880510	Aircraft launching gear and parts; deck arrestors	-	0.92
940110	Seats of a kind used for aircraft	7.57	0.06
840710	Aircraft engines (spark-ignition/rotary int cmbus	2.33	237.55
840910	Parts for aircraft engines (sp-ign, rot or comp)	0.32	1.23
854430	Insulated wiring sets for vehicles ships aircraft	27.43	337.68

The export of aviation and aircraft parts experienced an 8.49 percent growth rate in 2006, according to Thai Customs.

Blue Ribbon Corporate Members

Learn what benefits so many other leading aviation corporations are enjoying in Thailand and participate in the robust and lucrative growth sector as the country’s and the region’s aviation industry takes off towards even higher profits.

Ducommun Incorporated: a California-based manufacturer of assemblies and parts for commercial, military and space aircraft. Produces 2,000 high-performance and high-reliability commercial micro-wave switches per month, with plans to expand with another 6,000 sq.m. of production space in 2007 to 2008.

Middle River Aircraft Systems (MRAS): one of the world's leading suppliers of jet engine thrust reversers -- the brakes of a jet engine - providing reversers for both General Electric and Pratt & Whitney, the world's largest aircraft engine manufacturers. The company also produces a variety of specialized structures for major aircraft manufacturers including Boeing and Lockheed Martin, for both commercial and military aircraft, as well as provides technical support and spares services.

GE subsidiary Unison Industries: Thailand facility manufactures high-tech components including airframe and engine brackets, couplings, bell crank assemblies, link assemblies, tubes, and flapper machining.

AJ Walter: Thailand office opened in June 2007. "With new low cost carriers in Bangkok it's a pretty good hub to be at." The facility supplies and repairs a wide range of aircraft components, and includes leasing components, power-by-the-hour and ground support.

BOI Incentives for the Aircraft Maintenance Industry

The aircraft maintenance industry is offered a host of fiscal and non-fiscal incentives and investment services that range from corporate tax exemptions to assistance with work permits and product sourcing.

For complete details please visit the BOI at www.boi.go.th.