

**Part I**

**Special Focus: South Korea**

1. Republic of Korea: Aviation Industry
2. Republic of Korea: Transforming the Armed Forces
3. Epicos “Industrial Cooperation and Offset Projects”
4. Production of small and medium size aluminium and steel alloys machined parts and components for the aerospace and defense industry
5. Production of metallic parts for the defense and aeronautical industry
6. Epicos - Amazon

**Part II**

**Epicos Newsroom**

1. China navy takes delivery of first aircraft carrier: report
2. Elbit Systems to Establish a Mission Training Center for Fighter Pilots of a Latin American Air Force
3. U.S. Army Awards Lockheed Martin \$111 Million Apache M-TADS/PNVIS Performance Based Logistics Contract
4. Japan's ANA says to order 11 more Dreamliners
5. AirAsia may buy 100 new Airbus planes

## Republic of Korea: Aviation Industry



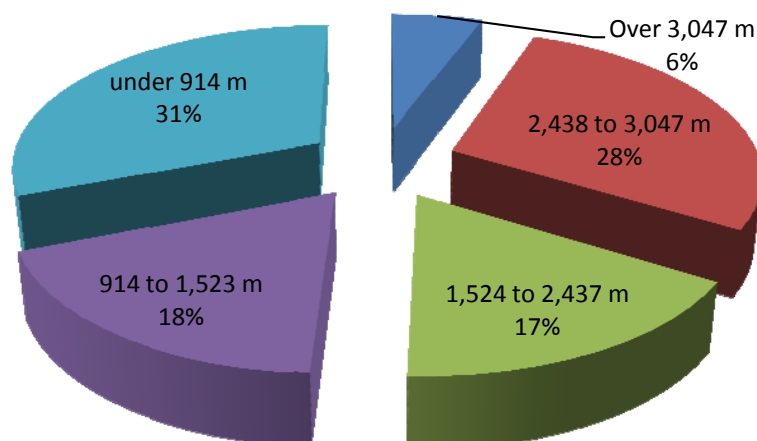
Republic of Korea has created a rather advanced framework for the success of its air transport industry. It is indicative that the aviation industry of the country supports 8.3 trillion

South Korean Won (KRW) of economic activity, which equals to 0.8% of GDP. Additionally, there are 140,000 people employed in this sector. These numbers are getting bigger if we include the impact of aviation-related tourism, then the numbers rise to KRW 23.1 trillion KRW, hence the 2.2% of Gross Domestic Product (GDP) and some 488,000 jobs equaling for the 2.2% of the total workforce.

Republic of Korea has a developed economy. This was further highlighted in 2004, when the country joined the trillion dollar club of world economies. Currently is among the world's 20 largest economies. This fact further exemplifies the importance of aviation as an enabler of business and economic growth. As Mr. Tony Tyler, IATA's Director General and CEO, stated: "these achievements would not have happened without connectivity to world markets".

One of the main advantages of the Korean aviation is the Incheon airport, which enjoys a great reputation regarding the services and infrastructure that it provides. Incheon is playing a key role in using global standard technology in order to smooth passenger processes with self-service options for check-in, baggage tagging, travel-document checks, boarding, flight re-booking and baggage tracing. It is indicative that use of biometrics in the airport is among the most advanced in the world.

### Airports - with paved runways



Apart from the Incheon airport, Korea has several other airports, in total of (71) with paved runways. (4) of them have a runway of over 3,047 meters, (20) have runways between 2,438 to 3,047 meters, (12) have runways between 1,524 to 2,437 meters, (13) between

914 to 1,523 meters and (22) have runways between 914 to 1,523 meters. Finally there are (43) airports with unpaved runways.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

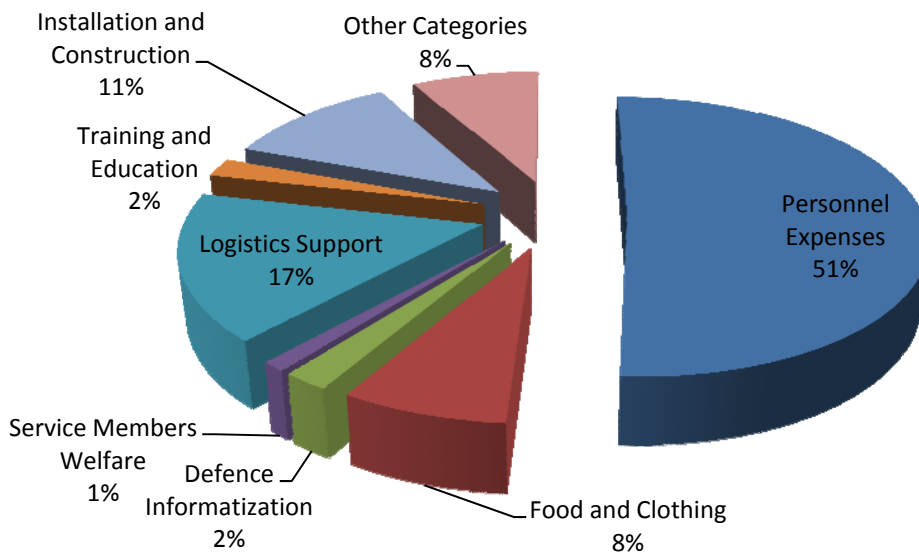
**Republic of Korea: Transforming the Armed Forces**



The Ministry of National Defence of Republic of Korea is deliberately trying to transform itself into an information and technology intensive military structure and raise the efficiency of national defense organization and management to match the standards of the changing security environment and future warfare requirements. In order to achieve this, a significant amount of funds have been allocated. Under this concept the total sum of military spending rose to 32,958 billion KRW in 2012 from 26,649 billion that it was in 2008. Nevertheless, the defence budget, as a percentage of the national Gross Domestic Product (GDP) decreased by 2.6% of GPD that was in 2008 to 2.42% in 2012.

From this amount 70% is allocated to maintenance programs and the remaining 30% to improvement programs. More analytically 35.7 of the maintenance programs will be allocated to personnel expenses, 5.3 to food and clothing, 1.5 to defence informatization, 0.8 to service members welfare, 11.8 to logistics support, 1.5 to training and education, 7.8 to installation and construction and 5.7 to other categories.

**Maintenance Programs Expenses**



As it is already mentioned, the Korean army is undergoing a face of restructuring and modernization. Under this notion the personnel structure is changing and the number of troops while gradually reduced.

This process has already started as military personnel decreased by 26 thousand between the period 2005 and 2009. Total military personnel were 681,000 in 2005. From these 548,000 served in the army, 41,000 served in the navy, 27,000 in Marine Corps and 65,000 to air force. In 2009 this number was reduced to 655,000. The 26,000 personnel were

reduced from the army while the personnel of the other branches of the armed forces (navy, marine corps, air force) remained the same.

Total Number of Military Personnel

| YEAR | TOTAL | ARMY  | NAVY | MARINE CORPS | AIR FORCE |
|------|-------|-------|------|--------------|-----------|
| 2005 | 681   | 548   | 41   | 27           | 65        |
| 2009 | 655   | 522   | 41   | 27           | 65        |
| 2020 | 517   | 387.2 | 41   | 23.8         | 65        |

Source: <http://www.mnd.go.kr>

The projection for 2020 is that this number will further diminish to 517,000. Once again the army will mainly absorb this reduction as the total number of personnel will be reduced from 522,000 that it was in 2009 to 387.2 in 2020. The only other branch that will have its personnel cut is the marine corps (27,000 in 2009, 23.8 thousands in 2020).

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

**Epicos “Industrial Cooperation and Offset Projects”**

Epicos “Industrial Cooperation and Offset Projects” provides a unique set of online tools enabling the structure, identification and implementation of comprehensive Offsets programs, through a searchable database. By introducing different offset projects and ideas proposed by local A&D industry it ensures the optimum cost for Prime Contractors and reassures that the priorities of local industry are fully met...

[For Further Information Press Here](#)

**Production of small and medium size aluminium and steel alloys machined parts and components for the aerospace and defense industry**

A company with experience in machined parts manufacturing for several aerospace programs is proposing, in the frame of an offset program, the collaboration with a Prime or lower tier company for the outsourcing/subcontracting of small and medium size aluminium and steel alloys machined parts and components manufacturing for the aerospace and defense industry.

[For Further Information Contact our ICO Department](#)

Mail at: [g-menexis@epicos.com](mailto:g-menexis@epicos.com)

**Production of metallic parts for the defense and aeronautical industry**

military ground vehicle parts.

A company with significant experience in the production of metallic components and subassemblies for the automotive, electrical/electronic and domestic electrical equipment industry and association with companies involved in vehicles modification, painting and final assembly on Complete or Semi Knocked Down (CKD or SKD) basis is proposing the collaboration for establishment of a production line for manufacturing aeronautical and/or

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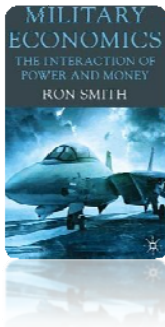
**Epicos- Amazon**

**Economics of War and Peace: Economic, Legal, and Political Perspectives (Contributions to Conflict Management, Peace Economics and Development) ... Management Peace Economics and Development), by Benjamin E. Goldsmith, Jurgen Brauer**



"Economics of War and Peace: Economic, Legal, and Political Perspectives" brings together recent, cutting-edge research on economic factors affecting peace and war. This important area of continuing research was the focus of an international conference held at the University of Sydney in June 2009 and these chapters are partly drawn from among the best contributions to that meeting. The book weaves together threads from a number of themes in current research including new theoretical perspectives on the economic foundations of peace, violence and war within countries, connections between international trade and inter-state conflict, and the role of legal/institutional factors in international and internal conflict.

**Military Economics: The Interaction of Power and Money, by Ron Smith**



Money has always being an important matter for the military. Money is needed to finance fighting and desire to acquire it is often the motive for fighting. Additionally, fighting matters for the economy, since military power and conflict have shaped economic development throughout the history of mankind. Nevertheless, defense economics has long been incomprehensible to many students of security and the military. This book is trying to delineate the issue and must be regarded as a long needed book on the complex and important issues of military economics.

**China navy takes delivery of first aircraft carrier: report**

China's first aircraft carrier was handed over Sunday to the navy of the People's Liberation Army, state press said, amid rising tensions over disputed waters in the East and South China Seas.

The handover ceremony of the 300-metre (990-foot) ship, a former Soviet carrier called the Varyag, took place in northeast China's port of Dalian after a lengthy refitting by a Chinese shipbuilder, the Global Times reported.

During the handover ceremony the aircraft carrier raised the Chinese national flag on its mast, the PLA flag on its bow and the navy's colours on its stern, the short online report said.

A ceremony to place the ship into active service would be held sometime in the future, the paper said without elaboration. China's defence ministry was unavailable to comment on the ceremony.

The announcement comes at a time of heightened tensions over maritime disputes in the Asia-Pacific region, where China's growing assertiveness has put it on a collision course with Japan, Vietnam and the Philippines.

China also Sunday postponed a ceremony marking the 40th anniversary of the establishment of diplomatic ties with Japan, due to a noisy territorial dispute with Tokyo over the Diaoyu Islands, known in Japanese as Senkaku. Tensions have also risen this year with Vietnam and the Philippines over disputed islands in the South China Sea.

Beijing confirmed last year it was revamping the old Soviet ship, and has repeatedly insisted the carrier poses no threat to its neighbours and will be used mainly for training and research purposes.

But numerous sea trials of the aircraft carrier -- currently only known as "Number 16" -- since August 2011 were met with concern from regional powers including Japan and the United States, which called on Beijing to explain why it needed an aircraft carrier. Construction of the Varyag originally ended with the 1991 collapse of the Soviet Union.

China reportedly bought the carrier's immense armoured hull -- with no engine, electrics or propeller -- from Ukraine in 1998 and began to refit the vessel in Dalian in 2002.

The PLA -- the world's largest active military -- is extremely secretive about its defence programmes, which benefit from a huge and expanding military budget boosted by the nation's runaway economic growth. China's military budget officially reached \$106 billion in 2012, an 11.2 percent increase.

According to a report issued by the Pentagon in May, Beijing is pouring money into advanced air defenses, submarines, anti-satellite weapons and anti-ship missiles that could all be used to deny an adversary access to strategic areas, such as the South China Sea.



China's real defense spending amounts to between \$120 to \$180 billion, the report said.

**Source:** 2012 AFP, Agence France-Presse (AFP)

### **Elbit Systems to Establish a Mission Training Center for Fighter Pilots of a Latin American Air Force**

Haifa, Israel, September 23, 2012 – Elbit Systems Ltd. (NASDAQ and TASE:ESLT) ("Elbit Systems") announced today that it was awarded a contract valued at \$18.5 million for the establishment of a Mission Training Center (MTC) for fighter aircraft of a Latin American Air Force. The establishment of the MTC will be performed during 2014.

The MTC is designed to improve the operational training of pilots by training in various mission scenarios, in varying war zones and in the relevant threat environment of each war zone - a cutting-edge training capability which has not been available to Air Forces in the past. The high quality of operational training achieved by the MTC will enable the customer to operate some of the training sorties onboard the trainers instead of fighter jets, thus allowing optimal use of existing resources.

This new contract marks another milestone in Elbit Systems' mission training activities and follows the establishment of the MTC for the Israeli Ministry of Defense (IMOD) for the F-16 and F-15 fighter aircraft.

Elbit Systems Aerospace Division's Co-General Manager, Yoram Shmueli, commented: "We are proud of the customer's decision to select our breakthrough solution, marking a significant milestone in our mission training activities. This selection attests to the trust in Elbit Systems' solutions, combining both a technological edge and the understanding of the customer's unique needs, and further strengthens our position as world leaders in the field of advanced tactical training".

The MTC is a unique system that enables joint-training between the various trainees, both within the Air Force and at an interoperable level. The Air Force teams will be able to train in formations of pairs and foursomes, and the system will also enable integration with other training systems. In addition, the system will allow joint-training of various mission scenarios, even if the different trainers are situated in geographically distant locations.

#### **About Elbit Systems**

Elbit Systems Ltd. is an international defense electronics company engaged in a wide range of programs throughout the world. The Company, which includes Elbit Systems and its subsidiaries, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence surveillance and reconnaissance ("C4ISR"), unmanned aircraft systems ("UAS"), advanced electro-optics, electro-optic space systems, EW suites, airborne warning systems, ELINT systems, data links and military communications systems and radios. The Company also focuses on the upgrading of existing military platforms, developing new technologies for defense, homeland security and commercial aviation applications and providing a range of support services.

For additional information, visit: [www.elbitsystems.com](http://www.elbitsystems.com).

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**Source:** Epicos S.A., Elbit Systems

### **U.S. Army Awards Lockheed Martin \$111 Million Apache M-TADS/PNVS Performance Based Logistics Contract**

ORLANDO, Fla., Sept. 24, 2012 /PRNewswire/ -- Lockheed Martin [NYSE: LMT] has received a \$111 million Modernized Target Acquisition Designation Sight/Pilot Night Vision Sensor (M-TADS/PNVS) Performance Based Logistics (PBL) contract from the U.S. Army.

The PBL contract is a firm-fixed price, comprehensive sustainment solution that enables mission readiness, reduces Operations and Support (O&S) costs and drives reliability and maintainability improvements. The contract consists of a one-year base and three one-year options extending through December 2015. The total four-year contract value is \$375 million.

"The M-TADS/PNVS PBL has demonstrated outstanding achievements in providing our soldiers with exceptional operational capability, and is an example of 'Better Buying Power' in action," said Kathy Drysdale, chief of the Avionics and Radar division for the Apache Attack Helicopter. "The M-TADS/PNVS PBL program has been credited with improving fleet readiness, reducing average flying hour cost and reducing the Army's long-term inventory investment. This enables us to achieve our ultimate goal - better support to the soldier."

"The PBL program leverages a strong partnership between the warfighter, the Army and Lockheed Martin, which contributes to the overall effectiveness of the Apache," said David Belvin, program director of Apache fire control programs in Lockheed Martin's Missiles and Fire Control business. "The PBL contract delivers a support solution that reduces costs when compared to earlier approaches, while also providing strong levels of performance and value to our customer."

M-TADS/PNVs modernizes the U.S. Army's TADS/PNVs, known as the "eyes of the Apache," by upgrading the infrared sensors and associated electronics. M-TADS/PNVs provides Apache pilots with the most advanced long-range, electro-optical precision engagement and pilotage capabilities to ensure mission success and flight safety in day, night and adverse-weather missions.

Headquartered in Bethesda, Md., Lockheed Martin is a global security and aerospace company that employs about 120,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The corporation's net sales for 2011 were \$46.5 billion.

For additional information, visit our website:

<http://www.lockheedmartin.com>

**Source:** Lockheed Martin

### Japan's ANA says to order 11 more Dreamliners

Japan's All Nippon Airways (ANA) said Friday it would order 11 more Boeing 787 Dreamliners, with a list price of around \$2.68 billion, hoping the fuel-efficient aircraft will help cut costs.

The announcement comes as Japan's once cosseted airline industry faces rapid change with the entrance of several low-cost carriers.

"ANA currently has 55 Dreamliners on order, 13 of which have so far been delivered, and the new order today will take ANA's fleet of this innovative and fuel-efficient airliner to 66," ANA said in a statement.

The carrier, Japan's biggest by passenger numbers, said all of the new aircraft will be B787-9 and are expected to be delivered between 2018 and 2021.

"ANA's future fleet plans involve the gradual replacement of the Boeing 767 and Boeing 777-200 with the 787," the company said.

"The fuel efficiency of the B787-9 is similar to that of the B787-8, while it has greater seat capacity, helping support the profitable expansion of ANA's international and domestic route networks."

The company gave no value for the order, but airlines rarely pay the list price for planes.

The airline got its first 787 in October last year and is now flying the plane on eight domestic routes, as well as from Tokyo's Haneda airport to Frankfurt in Germany.

Plans are in place for the 787 to be used on a new Tokyo to San Jose route, and to replace aircraft currently used on the service to Seattle from October 1. From October 28, the Haneda to Beijing route will use the Dreamliner, the company said.

However, an ongoing territorial row between Japan and China over disputed islands in the East China Sea has badly dented demand for flights between Asia's two largest economies.

ANA said Tuesday 18,800 seat reservations had been cancelled on routes between the two countries for the three months to November.

The carrier said in August that it was back in the black, logging a net profit of 668 million yen (\$8.55 million) in its fiscal first quarter to June, reversing a year-earlier loss, thanks to increased travel demand.

It had seen an 8.1 billion yen operating loss in the first quarter of last year as passenger demand collapsed in the aftermath of the March 11 earthquake-tsunami and meltdowns at the Fukushima Daiichi nuclear plant.

But cost cutting and a recovery in international travel demand helped the airline post a record operating profit of \$1.2 billion in the fiscal year ended in March.

ANA said international flight sales rose more than 20 percent on year in the latest quarter.

Japan's aviation market has long been dominated by ANA and rival Japan Airlines (JAL), but this year has seen the launch of a number of new cheap carriers that could challenge that supremacy.

Both airlines have themselves invested in the new budget start-ups.

ANA last year set up Peach Aviation with a Hong Kong investment fund, while JAL announced a tie-up with Australia's Qantas to launch Jetstar Japan.

AirAsia Japan -- a joint venture between ANA and Malaysia's budget firm AirAsia -- has also launched its lower-cost service.

In its earnings report ANA said it saw a host of other challenges for the year to March 2013 including rising oil prices and exchange rate fluctuations.

In July the company stole the march on JAL's refloating, which happened Wednesday, with a new share issue that saw it offer 914 million new shares.

The issue raised 173 billion yen, which the company at the time said would be used to fund the expansion of its fleet.

Ahead of Friday's announcement, ANA closed flat on the Tokyo Stock Exchange at 176 yen.

The Dreamliner was touted as the great new hope for US manufacturer Boeing, which says its next-generation composite fibre body reduces weight and boosts fuel efficiency.

But it has been hit by a series of glitches, including test engine trouble in July that was the subject of a probe by the US National Transportation Safety Board.

On July 23, ANA said it was grounding five 787 Dreamliner jets for repairs because of a defect on the Rolls-Royce engine.

In February, Boeing said around 55 Dreamliners were at risk of developing a fuselage problem.

**Source:** 2012 AFP, Agence France-Presse (AFP)

### **AirAsia may buy 100 new Airbus planes**

Southeast Asia's largest budget carrier AirAsia is considering placing a new order for an additional 100 Airbus planes including the A320neo, chief executive Tony Fernandes said Friday in Singapore.

Fernandes also said AirAsia X, the carrier's long-haul arm, will probably launch an initial public offering in December if all goes according to plan.

"The board is evaluating it now," Fernandes said of the carrier's ongoing exploratory study of whether it should buy more Airbus planes.

He said if the order goes ahead it will likely be for 100 planes, including the fuel-efficient A320neo.

Last year the Malaysian budget carrier placed a record order for 200 of the medium-haul aircraft, with a catalogue price of \$18.2 billion, at the Paris Air Show.

The public-listed discount carrier is one of Airbus's biggest customers with a fleet of 58 new A320s.

According to Airbus, the A320neo model uses 15 percent less fuel than its current top A320 model.

Fernandes, who was speaking with foreign correspondents, also said a December listing for AirAsia X is likely if all falls into place, but the final decision will be made by management.

"It is progressing and the board and the management will decide when is the right time," said Fernandes. "I reckon it'd be December... If the board agrees and it has been finalised," he said.

Fernandes has previously said a public listing of AirAsia X was on the cards but did not specify a timeframe.

There have been reports that AirAsia X could list on the Kuala Lumpur exchange by the end of the year to help fund its ambitious expansion plans.

Fernandes, a former record industry executive, plucked ailing AirAsia from insolvency in 2001 and quickly turned it into a profitable budget carrier and one of the aviation sector's biggest successes.

He established a successful template that included flying into cheaper secondary airports in major cities and launched AirAsia X in 2007 to serve routes beyond the airline's core Southeast Asian market.

But AirAsia X this year cut unprofitable routes to Europe, India and New Zealand to focus on expanding its services to China, Japan and elsewhere in Asia.

**Source:** 2012 AFP, Agence France-Presse (AFP)