

Avic Re-Merger Delayed By New Red Tape From Government

The proposal to merge Avic 1 and Avic 2 back together has run into resistance in the Chinese government.

The Ministry of Industry and Information Technology has undisclosed objections to the current plan and wants the companies to submit a new proposal, according to Avic 1 General Manager Lin Zuoming.

If the ministry can be satisfied, the merged company, China Aviation Industry Corp., will be formed in late August. It was originally supposed to be formed this month.

The merger will actually be a re-merger, since Avic 1 and Avic 2 were split from a former consolidated company in 1999.

Putting them back together is likely to be a prelude to further reorganization from which would emerge more tightly focused companies, such as a Chinese helicopter maker, a general aircraft company and an engine firm. **-Bradley Perrett, perrett@aviationweek.com**

SRA International Inc. Completes Acquisition Of Era Corp.

SRA International Inc., a provider of information technology services to the federal government, has completed the acquisition of Era Corp. of Reston, Va., one of the two leading providers of multilateration systems that are being used in airport surface surveillance and wide-area coverage.

Multilateration is more accurate than radar, and Era says a system costs one-third as much because the antennas are relatively inexpensive compared to a rotating radar dish. SRA aims to become a provider of ATC systems to the FAA and its counterparts worldwide. Era is also a provider of automatic depen-

dent surveillance broadcast (ADS-B) technology, and most of its 300 employees are located in the Czech Republic. Financial terms were not disclosed. **-David Hughes, hughes@aviationweek.com**

LAN Positive On Future As 2Q Net Rises 10.7%

Chile's LAN Airlines group says it will continue to expand after posting a \$47.2 million net income for the three months to June 30.

The second-quarter net grew 10.7% compared to 2007's second-quarter income despite a 26.2% dip in operating income to \$43.8 million. The fall in operating performance was the result of a 44.2% year-on-year rise in operating expenses to \$1.03 billion.

Despite the cost increase — which is attributed to an 83.8% rise in fuel costs, fluctuations in local currencies and higher wages, as well as the inherent expense of growth — LAN sees a positive form its second quarter.

“Revenue growth of 38.8% [to \$1.07 billion] during the quarter represents a major accomplishment for the company as it significantly surpassed the 8.5% expansion in operations,” says the airline. “Considering the fuel hedging results obtained in the second quarters [of] 2008 and 2007, operating income would have amounted to \$73.1 million in the current quarter, a 14.3% increase over the second quarter 2007, demonstrating LAN's continuing ability to operate successfully in a high fuel price environment.”

LAN adds, “Consistent positive results and a solid balance sheet have enabled LAN to continue advancing on a number of long-term initiatives. These plans, which encompass all levels and business units, are aimed at improving LAN's long-term strategic position by enabling the company to address opportunities, strengthen its market position and raise competitiveness.” **-Darren Shannon, darren_shannon@aviationweek.com**

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