

Two of the B747-400's had been delivered by March 1990 and 9 of the new Fokkers 50's are due in April.

The 10 B737-400's and 6 B737-500's under the programme are due to be delivered from May 1992 through April 1994. A further 16 are on option. In addition, the airline has signed an agreement with California based International Lease Finance Corp for the lease of seven B737-400's with delivery between January 1990 and July 1991. The lease is due to expire in 1993.

The B737-500 series, which is expected to receive the Federal Aviation Administration certificate in March 1990, will be fitted with the CMF 56-3-B1 engines produced by CFM International, a company jointly owned by General Electric of the US and SNECMA of France.

To conclude its fleet expansion programmes, Malaysia Airlines signed an agreement with Airbus Industrie in July this year to purchase eight A330-300s. At approximately C\$1 billion, the agreement, which included a further option to purchase another eight aircraft is the single largest aircraft purchase order the national airline has ever made. Under the agreement, Airbus agreed to receive payment of up to US\$150 million in the form of local goods and produce up until 1997. The agreed items in the countertrade deal include tin, timber, cocoa, canned food, shrimps and furniture. The A 330-300s will be deployed on Malaysia Airlines short and medium haul routes and will replace the airline's four A300s and three DC 10 aircraft. Four of the A 330-300s are expected to be delivered in 1994 and the other four in 1995.

In October 1989, Malaysia Airlines signed a purchase agreement with United Technologies International Inc to buy 16 Pratt and Whitney installed engines on the eight A330-300 aircraft. The agreement included an option for engines on another eight aircraft and a total capital investment including spares of about C\$276 million. The 29,000 kg thrust PW4164 engines which will be used to power the new A330-300 aircraft represents the newest and most powerful version of the PW4000 series.

With regards to the financing, the Managing Director of Malaysia Airlines, Tan Sri Abdul Aziz Abdul Rahman, has announced that the bulk of the financing arrangements for the airline's newly purchased aircraft will be finalized either by the end of the year or the middle of 1991. So far, the airline has finalized the financing for the two B747-400s and the nine Fokker 50s, totalling C\$391 million. About C\$130 million will come from the airline's internal sources while the rest will come from borrowing. According to its annual report for the 1988/1989 year, Malaysia Airlines has cash and bank balances totalling C\$1/2 billion as at March 31st, 1989. The financing will also involve leveraged leases.

The financing arrangement for the remaining 28 new generation jets, including the long-range B747-400s and A330-300s, is expected to include borrowings from both local and foreign sources.