Mapping the Labyrinth: more on the strange weapons flight of 4L-AWA

Peter Danssaert, Sergio Finardi, Brian Johnson-Thomas
Editorial

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Photo Front Page: A partial view of the cargo compartment of the aircraft registered as 4L-AWA after being seized in Bangkok (copyright EPA, published with permission)

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Summary

This research report is the third in a series about the case of a IL-76 aircraft used for an apparently clandestine arms flight in provenance from Pyongyang - in contravention of the United Nations arms embargo on North Korea -, which was impounded by Thai authorities during a technical stop in Bangkok December 12, 2009. Two previous research reports on this unusual case were published by IPIS and TransArms: "From deceit to discovery: The strange flight of 4L-AWA", December 21 2009; and “From deceit to discovery: The strange flight of 4L-AWA (update),” February 8, 2010,¹ written by the same authors of this third report.

The third updated report presents new information and documents that show other important actors in the chain of companies who managed the flight, shedding a new light on the information included in the previous reports: for example, the report unveils a new airway bill that accompanied the aircraft in the flight from Pyongyang to Bangkok and is different from the one shown in the previous reports.

Prepared by the North Korean airline company Air Koryo, the second airway bill listed an entity called “Top Energy Institute” in Iran as the final consignee instead of the “National Iranian Oil Industry” (purportedly or mistakenly named as such instead of “National Iranian Oil Company”)² that was mentioned in the previous airway bill. On the Air Koryo airway bill the cargo is described as “mechanical parts” instead of “oil industry spare parts” as in the agreement between the company that requested the shipment (the Hong Kong-based Union Top Management and the New Zealand-based SP Trading that arranged the leasing of the aircraft and the documentation for the flight (see Box 3B in Annex 2).

This report also includes an analysis of the intricate web of shell companies that has been spun apparently to cover up the real actors involved; new information on Union Top Management; details on the actual weapons cargo that the IL-76 plane transported; an analysis of the hypothetical cargo (“oil industry spare parts”) that the aircraft was supposed to transport; new information on the companies that were listed in shipping documents as consignees of the cargo in Ukraine and Tehran; and an analysis of the strange route taken by the IL-76 before the “technical stop” in Bangkok that led to the impoundment of the aircraft. Finally, this report highlights key questions about the arms flight that still remain unanswered.

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¹ See the reports at http://www.ipisresearch.be/arms-trade.php
² See below at §2.
1. The Georgia-registered IL-76 impounded in Bangkok

On Saturday December 12, 2009, Thai authorities - acting on information received from the US intelligence and in concert with Ukrainian Security Service (SBU) - seized an aircraft at Bangkok’s Don Mueang Airport. The Ilyushin-76 (registered in Georgia as 4L-AWA) had stopped on December 11 in Bangkok apparently to refuel while en-route from Pyongyang Sunan (North Korea) to Gostomel (Ukraine). According to its flight plan, the aircraft was due to fly onwards to Tehran’s Mehrabad Airport (Iran).

The plane, Thai authorities discovered, was carrying neither “spare parts for oil drilling equipment” (as stated in shipping documents prepared before the departure of the aircraft from Ukraine), nor “mechanical parts” (as stated in the airway bill prepared in North Korea for the return flight), but 35 tons of arms and ammunition, viz:-

- 49 rockets of 240 mm;
- 24 rocket tubes of 240 mm;
- 3 crates with fuses;
- 1 launcher of 240 mm;
- 1 crate with 5 RPG-7;
- 83 crates of TBG-7 (for 497 pieces);
- 5 crates of “manpad” SAM (2 per crate);
- 1 crate containing 5 pieces of firing units.

The weapons were not of the type covered by a UN arms embargo against Iran, but the shipment from Pyongyang was in itself in breach of the UN arms embargo against North Korea.

News of the seizure of the arms cargo in Bangkok and the arrest (on December 12) of the IL-76 crew members was widely reported, along with evidence relating to the aircraft, and its strange route. A complex set of companies (based in Hong Kong and New Zealand and, supposedly, in Iran, North Korea, and Ukraine) was also exposed, as mentioned in the shipping documents.

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4 The International Civil Aviation Organization (ICAO)’s airport code for Mueang is VTBD. The aircraft flight plan and the airway bill that was prepared in Pyongyang actually indicated Bangkok’s Suvarnabhumi International (ICAO: VTBS) as the refuelling stopover in Thailand. The change was apparently requested en-route at the last minute by the captain of the IL-76.
5 See Annex II for the details on this aircraft and its history.
6 ICAO code: ZKPY.
7 ICAO code: UKKM (also spelled Hostomel).
8 ICAO code: OIII.
9 The 240 mm rockets are known for being used by various armed groups in the Middle East and have a range of about 10 km. The TBG-7 are thermobaric rounds fired by RPG-7 shoulder-fired rockets-launchers, while the SAMs are man-portable surface-to-air missiles.
Ukraine and Iran denied any involvement in the arms shipment.14

This arms flight was apparently the latest in a long series of breaches15 of the U.N. embargo on arms exports by the North Korean government and its state-owned companies. The North Korean state has often used, in its military trade, multi-layer front companies16 that were in fact conduits to the coffers of government bureaucrats and North Korea’s ruling party officials.

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16 See for the most recent: “Firm tied to past Myanmar exports/N. Korea-affiliated Toko Boeki may have illegally shipped missile devices”, The Yomiuri Shimbun, July 2, 2009; Charbonneau, L., “UAE seized ship with North Korea arms for Iran”, Reuters, August 29, 2009.
2. The web of companies

According to data obtained\(^{17}\) for this report, the registration certificate (as 4L-AWA) of the IL-76 aircraft shows that the owner was Overseas Cargo FZE,\(^{18}\) (see Box 1 in Annex), a company based in Sharjah, United Arab Emirates. The operator of the aircraft was the Georgia-based Air West Ltd.\(^{19}\) (see Box 2). Air West wet-leased\(^{20}\) the aircraft to a New Zealand company called SP Trading (see Box 3). The latter firm in New Zealand in turn chartered the plane to another company registered in Hong Kong (Union Top Management).

Two different sets of shipping documents apparently used in the operation indicated:

a) two different entities as the consignor of the cargo in North Korea: a “Korean General Trading Corporation” (in a first airway bill and in cargo-related documents) and a “Korea Mechanical Industry Co. Ltd” (in a second airway bill prepared in North Korea for the return flight from Pyongyang).

b) two different entities as the consignee in Iran: a “National Iranian Oil Industry” (in a first airway bill and in cargo-related documents) and a “Top Energy Institute” (in a second airway bill prepared in North Korea for the return flight from Pyongyang).

c) one intermediary consignee in Ukraine: AeroTrack Ltd (in a first airway bill and in cargo-related documents)...

<table>
<thead>
<tr>
<th>Timeline - Sequence of registrations, incorporations and agreements: Air West, SPT, UTM, and 4L-AWA</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 6, 2009: Air West Operator Certificate</td>
</tr>
<tr>
<td>July 22, 2009: SP Trading Certificate of Incorporation</td>
</tr>
<tr>
<td>September 1, 2009: Union Top Management Memorandum of Association</td>
</tr>
<tr>
<td>September 24, 2009: 4L-AWA Certificate of Registration</td>
</tr>
<tr>
<td>November 2, 2009: Union Top Management Certificate of Incorporation</td>
</tr>
<tr>
<td>November 5, 2009: Agreement between Air West and SP Trading</td>
</tr>
<tr>
<td>November 10, 2009: Union Top Management, Returns of Allotments (Cabreros Garmendia)</td>
</tr>
<tr>
<td>December 4, 2009: Agreement between SP Trading and Union Top Management</td>
</tr>
</tbody>
</table>

The following summary of company-related information shows the intricate web of entities (existent and non-existent) that were - as different titles - named in the documents related to the 4L-AWA flight:

**SP Trading**\(^{21}\) Incorporation documents for SP Trading Ltd show that the company was registered (n. 2289331) in Auckland, New Zealand, on July 22, 2009 (see Box 4). The documents show that a certain Mr. Michael Taylor, with a postal address at “NZCI Ltd, P.O. Box 5033, Auckland”, compiled the incorporation request.

The same documents show a certain Ms. Lu Zhang as director of SP Trading (see Box 6). According to the New Zealand corporate register, she held the position of director in at least 50 other companies. In her capacity as director of SP Trading, Lu Zhang signed the 4L-AWA lease agreement between SP Trading...

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\(^{17}\) By TransArms and the International Peace Information Service vzw (IPIS vzw).

\(^{18}\) Overseas Cargo FZE (Free Zone Establishment), Aircraft Registration Certificate Number 299, issued by Georgian Civil Aviation Authority.

\(^{19}\) Air West obtained its Operator Certificate in Georgia June 6, 2009 (ICAO: AWG) and it is based at the Kopitnari International airport (ICAO: UGKO, near Kutaisi). The company was however already in business in mid-2008 when it received an AN-12, r/n 4L-BKN (m/n 5343203) and an AN-26, r/n 4L-BKL, m/n 67303709, both presently active with the company. AeroTransport DB, quoted.

\(^{20}\) Lease Agreement Aircraft between Air West and SP Trading number 05-11-2009/01. Wet-leasing means providing crew, insurance and maintenance services to the lessee.

\(^{21}\) Courtesy of Mike Lewis, Amnesty International, December 16, 2009. The address given for communication with SP Trading was PO Box 5033, Auckland 1141.
SP Trading’s sole shareholder was a company called VicAm (Auckland) Ltd (1184865), represented in the documents by a certain “J. Manceau”. VicAm Ltd, incorporated in Vanuatu, which was in fact “owned” by the above-mentioned Michael Taylor. VicAm was domiciled c/o a company called “GT Group”, with an address at Level 5, 369 Queen Street, Auckland (see Box 5). SP Trading and its director Ms. Lu Zhang were also domiciled c/o the GT Group.

**GT Group and VicAm.** The GT Group, according to media reports, was founded and owned by a British national living in New Zealand and Vanuatu, whose name is given as Geoffrey Taylor. His sons, Ian and the above-mentioned Michael, were reportedly also named as shareholders in the GT Group. Geoffrey Taylor was in turn a 91% shareholder of VicAm Ltd and therefore he nominally “controlled” SP Trading. GT Group provided incorporation services for hundreds of other companies, exploiting the lax New Zealand and Vanuatu corporate regulations as described in a report on the case of the 4L-AWA recently published by Oxfam (“Brokers Without Borders”). It was in fact the GT Group that promoted the incorporation of SP Trading under instruction of a still unknown British company.27

According to a May 2010 report by the “Financial Transactions and Reports Analysis Centre of Canada” (FINTRAC), VicAm also incorporated at its address and “owned” four companies (Keronol Ltd., Melide Ltd., Tormex Ltd., and Dorio Ltd.) that allegedly “have laundered Mexican drug money…” “VicAm is a sole shareholder of 1089 New Zealand companies”.28

The UK compliance officer Martin Woods – who discovered irregular transactions at the UK branch of the Wachovia Bank in 2006, in which the four firms were implicated - stated in his article on the 4L-AWA case that “…the statement released by the GT Group indicates that [GT Group/VicAm] were in fact instructed by a UK company to establish SP Trading and hold out that it is for the UK company to know the identity of their own instructing client”.29 It is not known whether the UK company GT Group referred to in its statement was a company called Global King Ventures, incorporated in Tortola (British Virgin Islands) and apparently at the starting point of the chain of companies related to SP Trading (see below).

**Sumato Energy Group.** Geoffrey Taylor was also the main shareholder of the Auckland-based Sumato Energy Group Ltd, for which his son, Ian Taylor, was a director. In October 2008, Sumato bought 1 million barrels of oil from the State Oil Company of Azerbaijan.30 It so happens that the II-76 registered as 4L-AWA made its first stopover for refuelling at Nasosnaya, a military airport near Azerbaijan’s capital Baku (see further below on this stopover).

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24 Geoffrey Taylor is also president of the so-called Southern Pacific University, which provides “on-line education” and sells internet degrees, whose main addresses are in St Kitts & Nevis and Federation of Belize, with a recruiting centre in the US at Wilmington, Delaware, all fiscal paradises, and various other countries, including Malaysia. See http://www.spuni.edu
26 Quoted in Homayun J., quoted, October 2010
27 Financial Transactions and Reports Analysis Centre of Canada, “Wachovia settlement over Mexican exchange houses linked to New Zealand shell companies”; in Money Laundering and Terrorist Activity Financing Watch: January-March 2010. “On March 17, Wachovia bank settled money laundering charges in the United States, by paying a US$160 million fine. The penalty addresses the bank’s insufficient inspection of more than US$420 billion in transactions from Mexican money exchange houses, or casas de cambio. The settlement is the highest monetary penalty imposed under the Bank Secrecy Act and includes a US$110 million forfeiture and a US$50 million fine. The penalty is the result of a Drug Enforcement Administration (DEA) investigation which began in 2005, that uncovered a US$13 million transfer from Mexican exchange houses to the Wachovia branch in Miami for the purchase of airplanes to be used for cocaine shipments. The New Zealand-based firms, the report stated, “are alleged to have laundered Mexican drug proceeds from the Sinaloa cartel using Latvian bank accounts and Wachovia’s [Bank] London branch. The four firms, which all had bank accounts in Latvia, transferred approximately US$40 million from their respective accounts to Wachovia in London.”
30 See further below in this paragraph for details.
**Union Top Management.** The company that asked SP Trading to organize the shipment of “oil industry spare parts” from Pyongyang to Tehran\(^{32}\) was called “Union Top Management Ltd” (UTM). Union Top Management’s Memorandum of Association (Hong Kong company registry) was dated September 1, 2009 (see Box 7), but the firm was actually incorporated in Hong Kong on November 2, 2009 (HK company number n. 1386743 - see Box 8).

The Hong Kong incorporation documents show as director of the UTM someone called Dario Cabreros Garmendia, the same name used by a person who signed the aircraft charter agreement with SP Trading on December 4, 2009 (see Box 9). The documents in Hong Kong show that on November 10, 2009 a Mr. Garmendia was allotted 99% of the UTM shares (see Box 10).\(^{33}\)Garmendia was reported in the documents as a resident of Barcelona (Spain). However, law enforcement authorities in Spain told the authors that a person with this name does not exist.\(^{34}\) An inquiry carried out by the Wall Street Journal\(^ {35}\) also revealed that someone called Garmendia was unknown at the Barcelona’ address given in the UTM incorporation documents.

Allegedly,\(^{36}\) two individuals, “Oleg” and “Igor” (the latter described as UTM’s executive based in Switzerland) represented UTM during two visits to SP Trading office in Ukraine in early December 2009.\(^{37}\) The UTM managers, whose cell phone number was Ukrainian, requested SP Trading to plan five flights. They indicated that a “Natalia Sabantseva” (with phone and fax numbers in Hong Kong) would be the UTM contact person, who soon after was said to call SP Trading. Initially the woman on the phone asked SP Trading to prepare a flight plan for a flight from Dnepropetrovsk in Ukraine (one of the former USSR’s “closed” cities and a base of nuclear and conventional arms factories) to Bangkok with a cargo of “telecommunication equipment”. She also asked for a flight plan for a flight from Bangkok to Pyongyang and Tehran, with a cargo of “oil drilling equipment”). After further telephone communication with SP Trading, she and the other UTM managers allegedly vanished the same day the plane was impounded in Bangkok.

**Easy Time Development Ltd., Team Victoria, and Global King Ventures.** The UTM incorporation documents show that UTM’s founding member (see Box 11) was a company called Easy Time Development Ltd., incorporated in Hong Kong (n. 1189887) November 29, 2007.\(^{38}\) The same documents also show that UTM’s secretary company was a firm (see Box 12) called Victoria Team, incorporated in Hong Kong on April 12, 2000 (n. 712532).\(^{39}\)

Both Easy Time Development and Victoria Team’s only shareholder was a company called Global King Ventures Ltd. (see Box 13 and 14), domiciled at P.O. Box 3152, Road Town, Tortola, British Virgin Islands, where the trail of shell companies ends.\(^{40}\)

It should be noted that UTM changed its address (see Box 15) on November 10, 2009, a week after it was incorporated. Also, on November 10, 2009, both Easy Time Development and Team Victoria resigned as Director and Secretary, respectively, of UTM (see Box 16 and 17).\(^{41}\)

**“Aerotrack Ltd”**. This company was named in the packing list “787” sent to SP Trading by UTM as a consignee in Kyiv, Ukraine, of the “spare parts for oil drilling equipment” to supposedly be transported from Pyongyang (see Box 21A). Aero-Track was also named in the packing list “789” as a shipper of the same equipment and other spare parts from Kyiv to Tehran (see Box 22A). The packing list indicated that someone called “Victoria Doneckaya” was a representative of AeroTrack. The authors of this report as well as journalists attempted to contact Aerotrack and Ms. Doneckaya at the indicated phone number

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\(^{32}\) Charter agreement between SP Trading and Union Top Management Ltd, dated 4 December 2009, number 38/167-76.

\(^{33}\) Return of Allotments, UTM, Hong Kong Companies Registry.

\(^{34}\) Email, confidential source, May 17, 2010.

\(^{35}\) Email, confidential source, December 19, 2009.

\(^{36}\) Email, confidential source, February 2010.

\(^{37}\) Email, confidential source, December 18, 2009.

\(^{38}\) Hong Kong Companies’ Registry.

\(^{39}\) Hong Kong Companies’ Registry.


\(^{41}\) Hong Kong Companies’ Registry.
and address (19/21 Frunze St., Kyiv) but to no avail.

In January 2010, the Associated Press reported\textsuperscript{42} that “security guards and secretaries there [at the Aerotrack stated address] said there had never been a company with that name at that address.” However, the security guards’ statement seems to be contradicted by an on-line business directory for CIS countries, which listed - from December 2007 to May 2008 - an air carriage company, \textit{Aerotrack Aviation}, as located at 19/21 Frunze St., with a phone number that was different from the one indicated in UTM's packing lists.\textsuperscript{43} At the 19/21 Frunze Street's building were also domiciled the “\textit{State Service for Export Control of Ukraine}”, the “\textit{Scientific and Technical Center for the Export and Import of Special Technologies, Hardware and Materials}”, the “\textit{Center for Army Conversion and Disarmament Studies}”, the “\textit{Security and Nonproliferation Journal}” and various important Ukrainian firms such as “\textit{CJSC Ukrainian Helicopters}”.\textsuperscript{44}

\textit{“National Iranian Oil Industry”}. The packing list “789” prepared by UTM (see next paragraph and Box 22A) gives a non-existent entity, “\textit{National Iranian Oil Industry}”, as a consignee of the “\textit{spare parts for oil drilling equipment}” in Iran and lists its address as “Hafez Crossing, Ghani Avenue” in Tehran. This address is similar to the one where the State-owned company “\textit{National Iranian Oil Company (NIOC)}” headquarters are located: “Hafez Crossing, Taleghani Avenue”. Did UTM make a mistake or was the deformation of the NIOC name and address made on purpose?

\textit{“Top Energy Institute”}. This company was named in the airway bill compiled by Air Koryo, along with the name of a contact person, “Mr. Dashti”. The company is unknown.

\textit{“Korean General Trading Corporation”}. The packing list “787” and the airway bill compiled by SP Trading name this company as the shipper of the “\textit{oil industry spare parts}”. Attempts to contact the company at the reported phone numbers went unanswered.

\textit{“Korea Mechanical Industry Co. Ltd.”} The airway bill compiled by Air Koryo names this company as the shipper of the “\textit{mechanical parts}”. The airway bill did not provide contact details for this company.

\textsuperscript{42} Shuster, S., “Shadowy arms deal traced to Kazakhstan”, \textit{AP}, January 20, 2010.


\textsuperscript{44} See: \url{www.ntc.kiev.ua/download/en/1_eng.doc}; \url{http://www.gmdu.net/join-43-join-18-p1.html}; \url{http://www.mfa.gov.ua/usa/en/publication/content/42243.htm}.
3. Incongruities in cargo and shipping documents

The shipping documents prepared for the 4L-AWA flight in early December also show considerable inconsistencies.

**Packing lists.** On December 1, 2009 (dated December 3) UTM prepared and sent to SP Trading two packing lists (see below and Boxes 21 and 22), numbered 787 and 789.

The first packing list (787) refers to a Korean company (Korean General Trading Corporation) as the consignor of the cargo that was supposed to be shipped from Pyongyang to Kyiv and consigned to Aerotrack Ltd. The total indicated weight of the cargo was given as 33,678 kg.

The second packing list (789) refers to Aerotrack Ltd as the shipper of the cargo from Kyiv to Tehran, to be consigned to the “National Iranian Oil Industry” (see above under “National Iranian Oil Company”), with additional spare parts included. The total indicated weight of the cargo was given as 33,972 kg. It included 294 kg of “oil drillers” that had evidently to be loaded in Ukraine.

**The two packing lists prepared by UTM**

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<table>
<thead>
<tr>
<th>First packing list</th>
</tr>
</thead>
</table>
| **Shipper:** Korean General Trading Corporation - Consignee: Aerotrack Ltd, Kiev  
**Packing List:** 2009/12/01/787 - **Date:** 3/12/2009 |
<table>
<thead>
<tr>
<th><strong>Box Qty</strong></th>
<th><strong>Boxes contents (Spare Parts)</strong></th>
<th><strong>Box Weight (kg)</strong></th>
<th><strong>Gross Weight (kg)</strong></th>
<th><strong>Dimensions (mm)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>87</td>
<td>Geothermal rig (MTEGS), SP</td>
<td>30</td>
<td>2610</td>
<td>6930x590x265</td>
</tr>
<tr>
<td>1</td>
<td>Percussion drilling rig (Buffalo 3000), SP</td>
<td>125</td>
<td>125</td>
<td>1280x500x340</td>
</tr>
<tr>
<td>40</td>
<td>Rotary Drilling Rig Water6</td>
<td>520</td>
<td>20800</td>
<td>5680x570x240</td>
</tr>
<tr>
<td>13</td>
<td>Mid-range Water6, SP</td>
<td>6760</td>
<td>6760x580x370</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Minr6 pumps, SP</td>
<td>45</td>
<td>90</td>
<td>5100x650x400</td>
</tr>
<tr>
<td>1</td>
<td>Minr12 8 drilling valves, SP</td>
<td>43</td>
<td>43</td>
<td>5100x650x400</td>
</tr>
<tr>
<td>1</td>
<td>Minr6 water sleeves, SP</td>
<td>1250</td>
<td>1250</td>
<td>3900x2000x320</td>
</tr>
<tr>
<td>2</td>
<td>Bespoke Mineral exploration Machine, SP</td>
<td>1000</td>
<td>2000</td>
<td>5600x2100x380</td>
</tr>
<tr>
<td><strong>T.147</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second packing list</th>
</tr>
</thead>
</table>
| **Shipper:** Aerotrack Ltd, Kiev - Consignee: National Iranian Oil Industry, Hashem Crossing, Ghari Av, Tehran  
**Packing List:** 2009/12/01/789 - **Date:** 3/12/2009 |
<table>
<thead>
<tr>
<th><strong>Box Qty</strong></th>
<th><strong>Boxes contents (Spare Parts)</strong></th>
<th><strong>Box Weight (kg)</strong></th>
<th><strong>Gross Weight (kg)</strong></th>
<th><strong>Dimensions (mm)</strong></th>
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<td>3900x2000x320</td>
</tr>
<tr>
<td>2</td>
<td>Bespoke Mineral exploration Machine, SP</td>
<td>1000</td>
<td>2000</td>
<td>5600x2100x380</td>
</tr>
<tr>
<td><strong>T.151</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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45 The airway bill mentions the departing airport as “FNJ” that is International Air Transport Association’s code for the airport (ICAO code is ZKPY, as mentioned in previous notes)
This second airway bill, prepared by Koryo, accompanied the aircraft in the flight from Pyongyang to Bangkok and was seized by the Thai authorities. The company that prepared this airway bill was Air Koryo, North Korea’s national carrier, and was dated December 11, 2009, the day of the departure of 4L-AWA from Pyongyang. In the Koryo airway bill (n. 120-0010-8532) the departure airport was given as Pyongyang and the arrival was Bangkok Suvarnabhumi International (the aircraft actually landed at the other Bangkok airport, Don Mueang).

In theory, the UTM’s packing list “787” (indicating the cargo for the flight from Pyongyang to Gostomel) and the cargo indicated by the airway bill prepared by Air Koryo should have been the same. In fact, in the Air Koryo airway bill the number of boxes was different (145 boxes instead of 147) and the weight
was about 2.2 ton more (35,881 kg) than in the packing list 787.

In this second airway bill, the consignor was a North Korean company, “Korea Mechanical Industry Co. Ltd”, that was never mentioned in previous documents. The consignee in Tehran was also different, and given as “Top Energy Institute”, represented by a certain Mr. Dashti. Also, the cargo was no longer listed as “spare parts for oil drilling equipment” but as “mechanical parts”.

The destination airport in the Air Koryo airway bill. It should also be noted that in the Air Koryo airway bill the given destination for the flight was Bangkok and not Gostomel, as it should have been according to the flight plans prepared by SP Trading for the 4L-AWA cargo plane which indicated that Bangkok would just be one of the technical stops on the return flight.

Were the spare parts included in the UTM’s first packing lists really for “oil drilling equipment”? An analysis of the packing list “787” reveals that 87 boxes were listed as containing “Geothermal rigs MTec 6” (“one of the smallest rigs available”, according to oil industry sources). These items were actually spare parts for a machine recently produced by the British firm Dando Drilling International66 - based in Littlehampton - and usually intended for “drilling boreholes for water wells, geothermal drilling, and geotechnical works.” In addition, 40 boxes (most of the cargo weight) were indicated as containing spare parts for the “Rotary drilling rig Watertec6,” a machine intended for conventional “open hole drilling using water, mud, air, water flushing techniques,” produced by the same Dando firm, and “ideal for accessing remote locations …for well drilling.” Also on the list was the Buffalo 3000 drilling rig, offered by Dando as a “cost effective percussion drilling rig favored by NGOs and funding agencies for installing hand-pumped waterwells.”67 Dando also manufactured the Mintec 12.8 (for which the supposed cargo included 1 box of valves), “designed for exploration on open cast mine prospects,”68 for example, coal mines.

“Oil drilling equipment” was a cover term used in the past for illegal arms shipments and in particular for missiles. Documents and inquiries related to the Reagan Administration’s secret deals with Iran (mid 1980s, Iran-Contras affair) revealed that “oil drilling equipment” was the label given in transport documents for 18 Hawk missiles secretly destined to the Iran regime. They were shipped on the order of Col. Oliver North (Assistant Deputy Director for Political-Military Affairs in the US National Security Council) on November 22, 1985 from the US to Ostend, and from Ostend to Tehran, via Tel Aviv and Larnaka (Cyprus). The missiles were delivered to Iran using a Boeing 707 belonging to St. Lucia Airways, a company that served CIA covert operations. The aircraft bore the registration number J6-SLF (St. Lucia Island).50 According to a de-classified CIA document, even the crew that flew the missiles to Iran in 1985 was unaware of the real nature of the cargo.51

47 See: http://www.dando.co.uk/watertec-6
49 See: http://www.dando.co.uk/mintec-12
50 The same aircraft was used for gun-running to Sierra Leone in February 1998 (see Wood B., J. Peleman, The Fixers - Controlling Brokers and Shipping Agents, Chapter 7. A joint Report by BASIC and PRIO. Oslo, PRIO, 1999) and (registered as EL-ALI and under the call signs of various companies), performed 16 “military” flights from Entebbe to Kisangani between March and August 2000 during the Second Congo War, as well as delivering military material from Bratislava to Kabul in June 1996 when registered as EL-JNS, owned by the Liberia-registered British firm Skyair Cargo, 1994-2000 (see See: Human Right Watch, “The case for further reform NATO and the EU: Leverage for Change”, February 2004).
4. Incongruities in the 4L-AWA flight plans

On December 4, 2009, SP Trading and UTM agreed on a first flight plan (part of the aircraft charter agreement N. 38/167-76 (see Box 3B), whose starting point was listed as Gostomel airport in Ukraine and final destination was listed as Baku airport in Azerbaijan.

4L-AWA First Flight Plan

<table>
<thead>
<tr>
<th>Flight N.</th>
<th>Airport of departure</th>
<th>Airport of destination</th>
<th>N/M</th>
<th>Ddate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGW 731</td>
<td>UKKM – GOSTOMEL</td>
<td>UBBB – BAKU ALIEV</td>
<td>1,013</td>
<td>12-7</td>
</tr>
<tr>
<td>AGW 731</td>
<td>UBBB – BAKU ALIEV</td>
<td>VCBI – COLOMBO</td>
<td>2,557</td>
<td>12-8</td>
</tr>
<tr>
<td>AGW 731</td>
<td>VCBI – COLOMBO</td>
<td>VTBS – BANGKOK</td>
<td>1,291</td>
<td>12-9</td>
</tr>
<tr>
<td>AGW 731</td>
<td>VTBS – BANGKOK</td>
<td>ZKPY – PYONGYANG</td>
<td>*2,021</td>
<td>12-10</td>
</tr>
<tr>
<td>AGW 732</td>
<td>ZKPY – PYONGYANG</td>
<td>VTBS – BANGKOK</td>
<td>*2,021</td>
<td>12-10</td>
</tr>
<tr>
<td>AGW 732</td>
<td>VTBS – BANGKOK</td>
<td>VCBI – COLOMBO</td>
<td>1,291</td>
<td>12-11</td>
</tr>
<tr>
<td>AGW 732</td>
<td>VCBI – COLOMBO</td>
<td>OMFJ – AL FUJAIRAH</td>
<td>1,726</td>
<td>12-12</td>
</tr>
<tr>
<td>AGW 731</td>
<td>UKKM – GOSTOMEL</td>
<td>OIII – TEHRAN MEHRABAD</td>
<td>1,270</td>
<td>12-12</td>
</tr>
<tr>
<td>AGW 732</td>
<td>OIII – TEHRAN MEHRABAD</td>
<td>UBBB – UBBB – BAKU ALIEV</td>
<td>293</td>
<td>12-12</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>15,423</td>
<td></td>
</tr>
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</table>

The initial flight plan was soon changed and a second flight plan still indicated Gostomel as the departing point but Nasosnaya, Azerbaijan, as destination point and with the following sequence: Gostomel to Nasosnaya, Colombo, Bangkok, Pyongyang (loading point) and Pyongyang to Bangkok, Colombo, Fujairah, Gostomel (loading), Tehran, Nasosnaya for the return flight.

4L-AWA Second Flight Plan

<table>
<thead>
<tr>
<th>Flight N.</th>
<th>Airport of departure</th>
<th>Airport of destination</th>
<th>N/M</th>
<th>Ddate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGW 731</td>
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<td>UBBB – NASOSNAYA – TECH STOP</td>
<td>1,011</td>
<td>12-7</td>
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<tr>
<td>AGW 731</td>
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<td>VCBI – COLOMBO – TECH STOP</td>
<td>2,557</td>
<td>12-8</td>
</tr>
<tr>
<td>AGW 731</td>
<td>VCBI – COLOMBO</td>
<td>VTBS – BANGKOK – TECH STOP</td>
<td>1,291</td>
<td>12-9</td>
</tr>
<tr>
<td>AGW 731</td>
<td>VTBS – BANGKOK</td>
<td>ZKPY – PYONGYANG – ON LOAD</td>
<td>2,021</td>
<td>12-9</td>
</tr>
<tr>
<td>AGW 732</td>
<td>ZKPY – PYONGYANG</td>
<td>VTBS – BANGKOK – TECH STOP</td>
<td>2,021</td>
<td>12-10</td>
</tr>
<tr>
<td>AGW 732</td>
<td>VTBS – BANGKOK</td>
<td>VCBI – COLOMBO – TECH STOP</td>
<td>1,291</td>
<td>12-11</td>
</tr>
<tr>
<td>AGW 732</td>
<td>VCBI – COLOMBO</td>
<td>OMFJ – AL FUJAIRAH – TECH STOP</td>
<td>1,726</td>
<td>12-11</td>
</tr>
<tr>
<td>AGW 732</td>
<td>OMFJ – AL FUJAIRAH</td>
<td>UKKM – GOSTOMEL – ON LOAD</td>
<td>1,940</td>
<td>12-12</td>
</tr>
<tr>
<td>AGW 731</td>
<td>UKKM – GOSTOMEL</td>
<td>OIII – TEHRAN MEHRABAD</td>
<td>1,270</td>
<td>12-12</td>
</tr>
<tr>
<td>AGW 732</td>
<td>OIII – TEHRAN MEHRABAD</td>
<td>UBBB – NASOSNAYA – TECH STOP</td>
<td>291</td>
<td>12-12</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>15,419</td>
<td></td>
</tr>
</tbody>
</table>

The second flight plan was again modified and a third flight plan still indicated as a departure airport Nasosnaya but Podgorica (Montenegro) as the last destination after Tehran. The sequence was as follows: Nasosnaya to Fujairah, Bangkok, and Pyongyang (loading point); Pyongyang to Bangkok, Colombo, Fujairah, Kyiv Borispol (loading point for other spare parts), Tehran (offloading), and eventually Podgorica for the return flight.
In the third and final flight plan prepared by SP Trading, the sequence of flight hours is consistent with the normal cruise speed of an IL-76T (about 410 knots to 430 knots, depending on whether it is empty or carrying 35/45 tons of cargo), including take off and landing times. The actual flight hours seem consistent with the maximum prudent range of an IL-76T (between 2,500 and 3,000 nautical miles [n/m]).\textsuperscript{52} However, the UTM-approved flight plan presented various incongruities.

\textbf{4L-AWA's third and last flight plan}

\begin{table}
\begin{tabular}{|l|l|l|l|l|}
\hline
\textbf{Flight N.} & \textbf{Airport of departure} & \textbf{Airport of destination} & \textbf{N/M} & \textbf{Ddate} \\
\hline
AGW 731 & UBBI – NASOSNAYA & OMFI – AL FUJAIRAH – TECH STOP & 975 & 12-9 \\
AGW 731 & OMFI – AL FUJAIRAH & VTBS – BANGKOK – TECH STOP & 2,594 & 12-10 \\
AGW 731 & VTBS – BANGKOK & ZKPY – PYONGYANG – \textbf{ON LOAD} & 2,021 & 12-10 \\
\hline
\textbf{Impounded} & & & & \\
AGW 732 & VTBS – BANGKOK & VCBI – COLOMBO – TECH STOP & 1,291 & 12-11 \\
AGW 732 & VCBI – COLOMBO & OMFI – AL FUJAIRAH – TECH STOP & 1,726 & 12-12 \\
AGW 732 & OMFI – AL FUJAIRAH & UKBB – KYIV BORISPOL – \textbf{ON LOAD} & 1,916 & 12-12 \\
AGW 731 & UKBB – KYIV BORISPOL & OIII – TEHRAN MEHRABAD – \textbf{OFF LOAD} & 1,247 & 12-13 \\
AGW 732 & OIII – TEHRAN MEHRABAD & LYPG – PODGORICA – TECH STOP & 1,537 & 12-13 \\
\hline
\textbf{TOTAL} & & & & \\
\end{tabular}
\end{table}

\textsuperscript{52} One nautical mile is equal to 1,852 m and 1,508 statute miles. The knot is the speed indicating how many nautical miles per hour are performed.
The IL-76 plane actually departed from Gostomel on December 8 at 5:03 pm\textsuperscript{53} and reached Nasosnaya soon after. The purpose of the stopover at Nasosnava (UBBI) - as IPIS and TransArms have learned - was almost certainly to buy cheap fuel, not the sort of business a military airport usually engages in without special agreements (the plane could have easily flown directly from Gostomel to Fujairah, for a distance of 1,986 nautical miles).

The Nasosnaya airport is located few miles North of Baku (see Box 18 and 19), where the operational Azerbaijan Air Force Base is located. For many years, only US and Russian sources used the code UBBI to indicate the airport.\textsuperscript{54} ICAO has designated the airport with the code UB0C (where 0 is a number)\textsuperscript{55} and other sources (World Aero Data for example) with the code UB12.

According to later communications among the companies involved, which the authors of this report have seen, some problems developed in Nasosnaya and the aircraft refuelled instead at Fujairah. The Russian text from the air crew reads: “\textit{Change in route due to absence of sufficient quantity of fuel/lubricants in UBBI.}” The plane arrived in Fujairah two hours later than scheduled, then departed from Fujairah at 11:25 pm.\textsuperscript{56}

The route 4L-AWA actually flew (white) and the one the aircraft had to flew in the return flight after Bangkok (yellow)

\textbf{Alternative routes rejected.} The UTM representative allegedly rejected the idea of the plane taking a direct route from Pyongyang to Tehran for “commercial reasons”.\textsuperscript{57} Representatives of UTM allegedly told SP Trading that “\textit{the equipment was produced in the USA (and) it should be brought to Ukraine first for handling.}”\textsuperscript{58} In the light of the analysis of the packing lists in the paragraph 3, UTM’s justification for choosing a far longer route than the obvious one seems, at least, strange.

\textsuperscript{53} Confidential source, e-mail December 2009
\textsuperscript{54} \url{http://www51.honeywell.com/aero}; \url{http://avia.transas.com/products/navigation/navitaws/txt/Eurasia.txt}; \url{http://a9.nm.ru/}
\textsuperscript{55} ICAO Airport Codes Search Engine.
\textsuperscript{56} Confidential source, e-mail December 2009.
\textsuperscript{57} Confidential source, e-mail December 2009
\textsuperscript{58} Confidential source, e-mail December 18, 2009. Handling was performed by a Ukrainian company, Aerotrack Limited. See Airway Bill for further details. The researchers have repeatedly tried to contact Aerotrack but to no avail.
For example, a far shorter route would have been the one that took the plane over China, with a stopover in Almaty (Kazakhstan, a distance of 2,175 n/m) to refuel, and from Almaty (passing North of Kyrgyzstan and overflying Uzbekistan and Turkmenistan) directly to Tehran (for a distance of 1,270 nm): this alternative route would have been a total 3,445 n/m instead of the 8,201 n/m of the planned return route from North Korea as in the submitted third and final flight plan.

Even if the stopover in Ukraine could not be avoided, there was another far shorter route: from Pyongyang to Almaty (2,175 n/m), from Almaty to Kyiv Borispol (for a distance of 1,907 n/m) and from Kyiv to Tehran Mehrabad (1,247 n/m), a total 5,329 n/m.

Part of the above-mentioned routes could have also been used for the outbound route from Kyiv (or Gostomel) to Pyongyang. The supposed gains from buying fuel in Azerbaijan and Al Fujairah would not have justified a planned route that was about 15,000 n/m-long instead of the 9,411 n/m needed to connect Kyiv-Almaty, Almaty-Pyongyang, Pyongyang-Almaty, Almaty-Kyiv, and Kyiv-Tehran. Moreover, the eventual chosen route seems instead to have been a recipe for disaster if UTM wanted to conceal a cargo of weapons.

Moreover, in communications with SP Trading, UTM’s manager “Natalia Sabantseva” initially stated\(^59\) that the first of the five flights planned by UTM and SP Trading had to depart from Dnepropetrovsk (see section 3 under UTM) with 35 tons of telecommunication equipment destined to Bangkok.

Later on, the same manager reportedly stated that the telecommunication equipment was not ready and requested SP Trading to provide a flight from whatever Ukrainian airport was convenient, but in time for arriving on December 11 or 12 at Pyongyang, where the “oil industry spare parts” had to be loaded.

Another UTM manager, “Igor”, who met SP Trading concerning the flights, allegedly stated to SP Trading that December 12 was the latest date for not losing the contract. SP Trading says it received 75,000 euros and 50,000 US dollars from UTM as an initial payment for covering airports fees and buying fuel. The same UTM manager asked SP Trading to provide an invoice for the next planned flight on December 21.

\(^{59}\) Confidential source, February 2010.
5. Concluding remarks

As the details in this report have highlighted, the case of the aircraft registered as 4L-AWA, impounded in Bangkok with a cargo of weapons loaded in Pyongyang, is strange. The case raises a number of questions that the currently available documents and information cannot answer, especially and first of all, the real identities of the UTM managers who apparently requested SP Trading to organize the flights:

- who instructed Air Koryo to change the name of the consignee in Iran from “National Iranian Oil Industry” to “Top Energy Institute”, an apparently non-existent company?
- why did the first airway bill name a “Korean General Corporation” as the consignor of the items in Pyongyang and the second airway bill name as consignor a “Korea Mechanical Industry Co. Ltd”?
- why did the airway bill prepared in Pyongyang by Air Koryo mention Bangkok as the destination of the flight? Under which other airway bill were the “mechanical parts” supposed to fly from Bangkok to Gostomel, its stated destination in the first airway bill?
- why did Union Top Management (UTM), the Hong Kong-based company that requested the New Zealand-based SP Trading (SPT) to organize the flight, choose a route that did not make sense in commercial terms?
- why did UTM tell SP Trading that the “oil industry spare parts” destined to Iran were of US origin and needed to be consigned to AeroTrack in Kyiv before reaching Tehran?
- who the UTM managers (“Oleg” and “Igor”) really were?
- Why did the IL-76 pilot request, at the last minute, permission to land at an alternative Bangkok airport which was not the scheduled airport?

The arms flight of 4L-AWA from Pyongyang to Bangkok and the operation that it serviced hardly fits the frame of a typical arms illegal trafficking case especially because experienced traffickers would have known the large weapons cargo would more than likely have been discovered by Thai customs, and also from a commercial point of view it made no sense to use that route. Too many other incongruities and apparent mistakes have accompanied the preparation and the execution of the flight, something that experienced arms traffickers are unlikely to have ever allowed to happen.

Dealing with North Korea arms industry and government officials is a far more complex business than just sourcing arms in countries with lax arms export regulations. It is hard to believe that UTM’s Korean counterparts would have engaged in such a sensitive shipment without having previous knowledge of who was dealing with them in the name of UTM and who was going to pay the considerable sums (some 30/40 million dollars) that the arms were allegedly worth.
Annex 1 - The IL-76 history of registrations and operators

Considerable media attention has focused on the history of who owned the aircraft and various speculations have been made about past owners being responsible for the present operations of the plane registered as 4L-AWA. Media reports repeated *ad nauseam* that the aircraft was in the past owned by the alleged arms trafficker Viktor Bout, implying that he may be linked to the arms flight. Bout was - at the time of 4L-AWA arms flight in question - imprisoned in Bangkok, pending an appeal hearing in the battle to extradite him to the USA after a DEA sting operation.60

What is really known about the aircraft? According to documents received from the Georgian Civil Aviation Authority, the 4L-AWA aircraft has the manufacturing number 000342676561 and it was made originally as an IL-76M type cargo plane (the military version of the civilian IL-76, which has some 5 metric tons of body armor, thus drastically reducing its payload).

The aircraft started its registration life in the Soviet Air Force registered as CCCP-86846, became RA-86846 in the Russian Air Force, and was later converted to a civilian IL-76T (presumably by the removal of armor plating). In 1992-97, it was operated by Veteran Airlines, Russia, (a subsidiary of Veteran Airlines, Ukraine). It was then reportedly exported to Malaysia.

The aircraft supposedly resurfaced (if it really is the same plane) in 1997-98 in the fleet of Air Pass (registered in Swaziland). At that time, the plane was controlled by Victor Bout’s Air Cess that had a 90% share in the Air Pass, and it was registered as 3D-RTA. It was briefly employed in August 1998 for flights from Entebbe to Goma, DRC, and to Kanombe-Kigali, Rwanda.

In 1999, the aircraft registration was changed once more (to TL-ACY), when it was moved to Centrafrican Airlines, allegedly a company controlled by Victor Bout and Ronald de Smet. In 2003-06, the TL-ACY registration was changed again to UN-76007 under the fleet of GST Aero, registered in Kazakhstan. This move seems to have involved a change in the engines as well. During 2003-04, the aircraft was used in service with the United Nations and in 2004-05 with Buraq Air (ICAO: BRQ), based at Tripoli-Mitiga.

In 2007, the UN-76007 registration was amended to UN-76011, in the fleet of the Kazakhstan-based East Wing (ICAO: EWZ), the company that eventually passed the aircraft on to Air West in Georgia. The UN-76011 registration changed briefly again to UP-I7622 (July 2008-May 2009) and then (apparently) to UP-I7635 (May-August 2009), having been leased for a short time to another Kazakh company, Beybars (ICAO: BBS, or Beibars) in May-September 2009.62 The reasons for the two UP- changes are not clear, and it is uncertain whether the registrations were official. Photographic evidence shows the two different UP registrations in this period. On September 24, 2009, the aircraft was finally registered as 4L-AWA.

Available Photographic Documentation on the IL-76 that became 4L-AWA, various sources

<table>
<thead>
<tr>
<th>R/N as:</th>
<th>Reported m/n</th>
<th>Operator</th>
<th>Spotted at</th>
<th>Date</th>
</tr>
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<tr>
<td>RA-86846</td>
<td>0003426765</td>
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<td>Sharjah - OMSJ</td>
<td>February 1996</td>
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<tr>
<td>3D-RTA</td>
<td>0003426765*</td>
<td>untitled</td>
<td>Sharjah - OMSJ</td>
<td>November 26, 1998</td>
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<tr>
<td>UN-76007</td>
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<td>GST Aero</td>
<td>Budapest - LHBP</td>
<td>May 21, 2003</td>
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<tr>
<td>UN-76007</td>
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<td>Budapest - LHBP</td>
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<td>UN-76007</td>
<td>0003426765</td>
<td>GST Aero</td>
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<tr>
<td>UN-76007</td>
<td>n.a.</td>
<td>Buraq Air</td>
<td>Manston</td>
<td>June 12-14 2004</td>
</tr>
</tbody>
</table>

60 The case is still pending, following two opposite rulings by Thai courts. See: “Extradition of Viktor Bout can’t be speeded up”, *Bangkok Post*, August 26, 2010.

61 Aircraft Registration Certificate Number 299. See also AeroTransport Databank, *quoted*; Soviet Transports on-line DB, *quoted*.

62 AeroTransport DB provided the sequences of registrations for this report.
<table>
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<th>Operator</th>
<th>Spotted at</th>
<th>Date</th>
</tr>
</thead>
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<td>Brno - LKTB</td>
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<td>n.a.</td>
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<td>April 29, 2008</td>
</tr>
<tr>
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<td>Pardubice - LKPD</td>
<td>May 7, 2008</td>
</tr>
<tr>
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<td>0003426765</td>
<td>East Wing</td>
<td>Sofia - LBSF</td>
<td>June 26, 2008</td>
</tr>
<tr>
<td>UP-I7622</td>
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<td>East Wing</td>
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<td>November 10, 2008</td>
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<td>May 20, 2009</td>
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<td>West Wing</td>
<td>Gostomel - UKKM</td>
<td>August 21, 2009</td>
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Sources: Airlines.net; JetPhotos.net; www.lkpd.info; Planes.cz; RussianPlanes.net

In February 2010, a Thai court freed all the arrested crew members from the 4L-AWA plane without any criminal charges. On February 12, all the crew members of 4L-AWA departed from Bangkok at 5:40 pm aboard Astana Airlines's flight KC932\(^6\) and arrived the same day in Almaty (Kazakhstan).

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\(^6\)“All Five Crewmen to Return Home Today without Charges”, Thai Press Reports, February 12, 2010; Wechsler, M., “Dogs of war or players in a political game?”; Bangkok Post, January 31, 2010
Annex 2 - Documents

Box 1: 4L-AWA Certificate of Registration, September 24, 2009

Box 2: Air West - Operator's Certificate, June 6, 2009

Box 3A: Agreement between Air West and SP Trading, November 5, 2009

Agreement No. 05-11-2009/01

"S" November 2009

Aircompany «Air West Ltd», further referred to as "the Lessor" in the person of its Director Mr. Kakabadze Levan, and aircompany “SP TRADING LTD” further referred to as "the Lessee" in the person of its director Lu Zhang, have entered into this Agreement as set forth below:

1. SUBJECT

1.1. The Lessor shall provide for leasing under ACM1 without granted flight hours for operations under Lessee programs IL-76T Reg. 4L-AWA, cargo aircraft, maximum lifting capacity 45 tons, further referred to as the "Aircraft"; the flight crew, having authority for international operation; and the maintenance crew to undertake the cargo conveyances.

The flights will be organized in keeping with the schedule coordinated by both the Lessor and the Lessee in the most satisfactory way. The flights schedule already coordinated can only be changed by the Lessor having due regard to the force majeure circumstances whichever may apply. The Maximum payload cannot exceed the corresponding engineering and navigation estimation (45 tons) and can only be reduced by the Aircraft captain depending on navigation circumstances.

2. GENERAL PROVISIONS
AIRCRAFT CHARTER AGREEMENT № 3B/167-76

PARTIES

A. Carrier Company “SP TRADING LTD”

B. Charterer Company “UNION TOP MANAGEMENT LTD”

It is hereby agreed that Carrier named above (“Company”) acting in the name of Director Mr. Lu Zhang will charter and the Charterer acting in the name of Mr. Zhao Cihyun named above (“Charterer”) will take on charter the Aircraft (as defined below) for the following flights set out in the Schedule below on the terms and conditions contained, or referred to in this Agreement (as defined below).

THE SCHEDULE

1. Aircraft type: IL-76 Reg: 4L-AWA Flight: AW0731/732

2. Route: Pyongyang – Tbilisi (transit via Damascus)

3. Payload and/or capacity chartered: 25'000 kg

4. Nature of cargo: oil industry space parts

5. Flight for which the Aircraft is chartered, on the dates shown below (time UTC)

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6. Charter Prior:

a. The monies have to be transferred by the “Charterer” in accordance with the invoice and put at the account of the “Company” before performance of the flight.

b. The “Charterer” has to pay all bank transfer charges regarding transfer of the monies to the account of the “Company.”
Box 3B: Agreement between SP Trading and UTM, December 4, 2009 (continuation)

9. This Agreement is subject to the conditions of contract following which are especially incorporated into this Agreement.

Date: 04.12.2009.

SIGNED by a duly authorized Representative for and on behalf of

“SP TRADING LTD”

and by a duly authorized Representative for and on behalf of Charterer

[Signature]

Box 4: SP Trading - Certificate of Incorporation, July 22, 2009

Box 5: SP Trading - Shareholders
Box 6: SP Trading - Certificate of Directors

Form 2

CONSENT AND CERTIFICATE OF DIRECTOR
OF PROPOSED COMPANY

Section 12(1) of the Companies Act 1993

Name of Proposed Company: SP TRADING LIMITED

Company Number: 2289331

Director’s Name: Li

Director’s Signature: ZHANG

I consent to be a director of the above proposed company and certify that I am not disqualified from being appointed or holding office as a director of a company.

Surname: Li

First Name: ZHANG

Business Address: Level 5, 369 Queen Street, Auckland 1010

DO NOT SIGN THIS CERTIFICATE UNTIL AFTER THE COMPLIANCE DATE

COMPLIANCE DATE: 10 September 2010

Signature: [Signature]

Date: 15/08/2010

Box 7: Union Top Management - Memorandum of Association, September 1, 2009

THE COMPANIES ORDINANCE (Chapter 32)

PRIVATE COMPANY LIMITED BY SHARE

MEMORANDUM OF ASSOCIATION

UNION TOP MANAGEMENT LIMITED

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Box 8: Union Top Management - Certificate of Incorporation, November 2, 2009

![Certificate of Incorporation]

Box 9: Charter Agreement between SP Trading and Union Top Management, December 4, 2009

AIRCRAFT CHARTER AGREEMENT N° 28/107-76

PARTIES

A. Carrier: Company “SP TRADING LTD”

B. Charterer: Company “UNION TOP MANAGEMENT LTD”

It is hereby agreed that Carrier named above ("Carrier") acting in the name of Director Mr. Lu Zhang will charter and the Charterer acting in the name of Mr. Doris Cobochoi named above (“Charterer”) will charter aircraft (as defined below) for carry on flight or flights as set out in the Schedule below on the terms and conditions contained, or referred to in this Agreement (as defined below).

SCHEDULE

1. Aircraft type: B-737
   Unit: 3-4 AWA
   Flight: AWG73/72

2. Route: Pyongyang – Tashkent ( briefed via Kazakhstan)

3. Payload and/or capacity chartered: 35’000 kg

4. Nature of cargo: of industry spare parts

9. This Agreement is subject to the conditions of contract following which are especially incorporated into this Agreement.

Date: 04.12.2009.

SIGNED by a duly authorized Representative for and on behalf of Charterer

[Signature]

[Signature]
Box 10: Union Top Management, Returns of Allotments, November 10, 2009

Box 11: Easy Development Ltd, founding member of UTM

Box 12: Easy Development, Secretary: Team Victoria

Box 13: Easy Development, Shareholders: Global King Ventures Ltd
Box 14: Victoria Team's shareholder

```
Name: GLOBAL KIN LTD
Address: P.O. BOX 352 ROAD TOWN, ISLAND

Date of Incorporation: [Date]
```

Box 15: UTM Change of Address

```
Details of Change
Address of Registered Office in Hong Kong

Date: 15 Nov 2005
```

Box 16: Easy Time Development - Resignation as Director of UTM

```
Details of Resignation
Name: DARIO CAMPOS OASIMI
Date: 15 Nov 2005
```

Box 17: Team - Resignation as Secretary of UTM

```
Details of Resignation
Name: DARIO CAMPOS OASIMI
Date: 15 Nov 2005
```
Box 18: The dates of satellite and aerial images (DigitalGlobe) for UBBI in 2009: October 27; November 4; November 27; December 10

Source: Google Earth
Box 19: Military aircraft at UBBI, detail

Source: Google Earth
Box 22B: Packing list 789

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<tr>
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<td>1 box</td>
<td>45kg</td>
<td>1100mm x 660mm x 240mm</td>
</tr>
</tbody>
</table>

Total Weight: 90kg

Box 23 Agreement between SP Trading and Air West - Hourly cost of 4L-AW (ACMI terms)