

QATAR AIRWAYS TO PURCHASE 49 PERCENT OF MERIDIANA

DOHA: Qatar Airways is to buy 49 percent of Meridiana in a move that could bolster the Italian carrier's ability to compete in the European market. The agreement was reached at the Farnborough International Airshow and the deal will close in early October, subject to certain conditions, Qatar Airways said in a statement yesterday. The airline gave no further detail on the conditions or the price.

Meridiana had asked labor unions to agree to 900 job cuts nearly half its workforce as part of a planned partnership with Qatar Airways, a person involved in the talks told Reuters in February. Last month, the Italian government, unions and Meridiana reached an agreement opening the way for the deal to go ahead. The agreement included the loss of about 400 jobs, union officials said. Meridiana, which offers flights to

and from the island of Sardinia and other destinations in Italy and elsewhere, is owned by the Aga Khan, a businessman and spiritual leader of the Ismaili Muslims. The airline is operating under a government-sponsored restructuring plan to help turn it around.

"Partnering with Meridiana would only make Meridiana prosper, grow and actually increase the working population of Meridiana," Qatar Airlines Chief

Executive Akbar Al-Baker said in April. "But for the initial period there will be some pain on the part of employees," he said. Qatar Airways holds around a 15 percent stake in British Airways parent IAG and has been open to making further investments to help to expand its reach. The Middle East carrier is also considering taking a 25-49 percent stake in Morocco's Royal Air Maroc, Baker has said. — Reuters

INDIA FIRM TCS BOOKS QUARTERLY PROFIT RISE

MUMBAI: India's biggest IT sourcing firm Tata Consultancy services reported better-than-expected quarterly earnings yesterday, boosted by rising demand for its cloud computing services. The firm, based in India's financial capital Mumbai, said net profit for the three months to June 30 rose to 63.17 billion rupees (\$944 million) from 57.09 billion rupees for the same period a year ago.

That was above the 60.6 billion-rupee average from a survey of analysts' estimates compiled by Bloomberg News and marked an increase of over nine percent on-year. "Strong execution and accelerating customer adoption of Cloud, Big Data & Analytics has driven broad-based growth across key markets and industries," TCS chief executive N. Chandrasekaran said in a statement. "Our investments in platforms are gaining significant traction as customers look to boost business agility and enhance their time-to-market advantage to gain a competitive edge."

Chandrasekaran told a press conference he remained optimistic about future earnings and said the firm recorded digital revenues at 15.9 percent in the first quarter.

TCS added 17,792 new employees during the just-ended quarter. India has become a back office to the world as companies, especially in developed nations, have subcontracted work to firms such as TCS, taking advantage of the country's skilled English-speaking workforce.

The flagship industry has made India a top business destination by offering software development and information technology, engineering and design and other services. TCS competitor Infosys is due to release its quarterly results today. — AFP



MUMBAI: In this Friday, June 17, 2016, file photo, Chairman of Tata Group, Cyrus Mistry, speaks during the annual general meeting of Tata Consultancy Services. — AP



SEOUL: A shopper looks at clothes next to discount sale signs at a store. — AP

S KOREA'S CENTRAL BANK LOWERS GROWTH OUTLOOK CITING BRITAIN'S DECISION TO LEAVE EU

SEOUL: South Korea's central bank lowered its growth outlook on Asia's fourth-largest economy yesterday, citing Britain's decision to leave the European Union. South Korea's economy will likely expand 2.7 percent this year, compared with its April prediction of 2.8 percent, Bank of Korea said. Next year, it will eke out 2.9 percent growth.

The downward revision follows the Finance Ministry's outlook cut last month. It confirms worries that South Korea's once dynamic economy will go through a period of slow growth. The bank blamed a drag in the global economic recovery due to increased uncertainties caused by Britain's decision to leave the EU. South Korea's export to Britain is not significant but the referendum outcome dented investor sentiment.

Encouraging companies to spend more was a key challenge for policymakers during the first half of this year, but South Korean companies were reluctant to make big investments because of weak global demand, oversupplies in some industries and dim outlook in the global economy. Companies are expected to sharply cut their capital investment for the rest of

the year as Britain's EU departure and restructuring at local shipbuilders created more uncertainties.

The outlook for household income conditions is also not optimistic, though the bank noted that growth in construction investment was one bright spot. Spending on constructing buildings was expected to strengthen thanks to gains in new residential buildings. Also yesterday, Bank of Korea policymakers left the policy rate at a record low of 1.25 percent, after lowering the rate last month. The rate cut came shortly after South Korea's finance ministry introduced stimulus measures to cushion the impact on job markets as efforts to restructure loss-making shipbuilding companies would lead to a surge in unemployment rates.

The consumer price index will likely see a soft growth at about 1 percent this year, according to Bank of Korea, much lower than its inflation target of 2 percent. Some economists believe that the policymakers would cut the key rate once again this year amid a low inflationary pressure and weak corporate sentiment. — AP

UAE BANK WARNS ON CREDIT GROWTH

ABU DHABI/DUBAI: Abu Dhabi Islamic Bank (ADIB) warned yesterday it was restricting the amount of new credit it was extending due to an increase in defaults across its business lines. The message from the emirate's largest Islamic bank is perhaps the most stark yet of the impact on the banking sector in the United Arab Emirates from reduced government spending as a result of lower oil prices.

This came after the bank posted a 1 percent rise in second-quarter net profit to 507.5 million Dirhams (\$138.2 million), a result which beat the

forecasts of analysts at EFG Hermes and Arqaam Capital. It came on the same day another Abu Dhabi lender, Union National Bank, reported a fourth successive quarter of lower earnings due to the difficult market conditions. In a statement announcing ADIB's results, Chief Executive Tirad Al-Mahmoud said it remained concerned about the levels of economic activity and growth in the region and in the world's major markets.

"Our concern is further exacerbated by the rising levels of defaults in an increasing number of client segments and industry sectors in the

markets in which we operate," said Mahmoud after the bank set aside 234 million Dirhams as provisions for bad loans in the second quarter, up 33.6 percent year on year.

"As a result, we continue to forecast modest new customer financing growth and, where credit extension is targeted, will continue our practice of only doing so in such a manner that the risk related returns are commensurate with our long-term regulatory capital needs and return of shareholders equity goals."

Net customer financing stood at 79.7 billion

Dirhams on June 30, up 6.9 percent year on year but only 1.6 percent higher since the end of 2015. Income from traditional banking practices was 982.3 million Dirhams, up 6.9 percent on the same three months of 2015. The bank's earnings received greater support from its income from investments and foreign exchange, which grew 28.2 percent to 204.3 million Dirhams and 16.1 percent to 43.7 million Dirhams respectively. As part of its cost-cutting measures, the bank reduced headcount in the UAE by 110 to 2,349 in the second quarter of 2016, it said. — Reuters