AVIATION SPECIAL | Page 8

Aircraft face safety risks due to satellite navigation interference

Thursday, March 27, 2025
Ramadan 27, 1446 AH

GULF TIMES BUSINESS

PIVOTAL YEAR : Page 2

AlRayan Bank shareholders meeting endorses agenda items

Maha Mohamad al-Sulaiti, CEO, QNB Financial Services.

Maryam Mohd al-Kuwari, Senior Executive Vice-President, Group Information Technology.

Heba al-Tamimi, Senior Executive Vice-President, Group Communication.

Fatima Abdulla al-Suwaidi, Group Chief Risk Officer.

Empowering women in leadership: QNB celebrates remarkable female leaders

QNB Group proudly recognises the invaluable contributions of women in leadership within the bank, and always celebrate the remarkable female leaders who continue to inspire and drive excellence.

With a steadfast commitment to fostering an inclusive and diverse workplace, QNB champions the role of women in shaping the future of banking and finance.

In recognition of their vision, dedication, and leadership, QNA has shared insights from its distinguished female executives, each offering words of wisdom on resilience and success.

Heba al-Tamimi, Senior Executive Vice-President, Group Communication: "Effective leadership is built on trust, vision, and the ability to inspire others. As women, we bring a unique perspective to the table, one that fosters collaboration, innovation, and lasting impact."

Fatima Abdulla al-Suwaidi, Group Chief Risk Officer: "Success in any industry comes from the ability to embrace challenges with confidence. Risk management is about foresight, resilience, and the courage to make strategic decisions that shape the future."

Maryam Mohd al-Kuwari, Senior Executive Vice-President – Group Information Technology: "Technology is transforming the financial landscape, and women must play a central role in driving this change. Innovation knows no gender; it thrives on passion, expertise, and a commitment to progress."

To Page 2

AlRayan Bank has held its annual general and the extraordinary general meetings of shareholders, where they endorsed the financial statements for the fiscal year ended December 2024 that reflects a net profit after tax of QR1.51bn

AlRayan Bank's shareholders meeting endorses agenda items

AlRayan Bank has held its annual general and the extraordinary general meetings of shareholders, where they endorsed the financial statements for the fiscal year ended December 2024 that reflects a net profit after tax of QR1.51bn.

"2024 was a pivotal year for AlRayan Bank, as we witnessed the launch of the Bank's transformational journey towards a new era in Islamic banking. We started the year 2024 by developing a new and comprehensive strategy that aims at transforming the Bank into a leading model in modern and distinctive services," Sheikh Mohamed bin Hamad bin Qassim al-Thani, chairman of AlRayan, told shareholders.

The bank's investment in digitalisation using the latest technologies in the banking sector confirms that digital innovation is the key to providing distinguished services, he said, adding "we fully realise that staying ahead requires a vision that goes beyond the present and looks to the future."

Highlighting that transformation is a long journey, he said "we are determined to succeed. We aspire to raise AlRayan Bank to the highest levels and to establish it as a model to be emulated in the world of Islamic banking, combining authenticity and modernity, serving its customers with excellence, and providing the best possible and sustainable returns to shareholders."

Stressing that one of the most important pillars of the new strategy is environmental, social and governance responsibility; he said during the year, the bank launched several initiatives in this area to emphasise its responsibility towards the environment and society and the commitment to the best governance standards and the desired outcomes of the National Climate Change Plan in Qatar, all with the aim of providing added value to shareholders.

At the EGM, the shareholders approved the proposed amendments to articles (1), (3), (20) and (67) of the Articles of Association (AoA) of the bank to grant the board the discretionary power to distribute interim dividends in accordance with the applicable laws and regulations and in compliance with QFMA Circular No (7) of 2023 on interim dividends, to change its legal name from "Masraf Al Rayan" to "AlRayan Bank" and to increase the qualification shares required for directorship to 9mn shares per each eligible board candidate provided that the latter amendment enters into effect starting from the next board elections.

The shareholders authorised the chairman of the board, vice-chairman, and/or other board delegate to complete the necessary formalities in respect of the amended AoA subject to necessary regulatory approvals.

QNB celebrates remarkable female leaders

From Page 1

Maha Mohamad al-Sulaiti, CEO, QNB Financial Services: "Leadership is about empowering others to reach their full potential. By fostering an inclusive environment, we unlock new opportunities for growth and innovation in the financial sector."

Ghadeer Abu Hijleh, CEO, QNB Switzerland: "Diversity in leadership is not just a goal; it's a necessity for development and growth. Women leaders bring resilience, adaptability, and a broader perspective that are crucial for success in an ever-evolving business world."

Mira al-Attiyah, CEO, QNB Capital: "Your contribution is valued; every step you take leaves an impact and inspires those around you. You are a force shaping the future, and your creativity and determination make a difference in every field. Keep shining, your success inspires generations to come."

Noor Mohd al-Naimi, Senior Executive Vice-President – Group Treasury and Financial Institutions: "Empowering women is not just about breaking barriers or a step towards equality – it's a catalyst for innovation, more creativity and a future where diverse perspectives shape the world of banking."

EVP Strategy & Business Development, Group Strategy: "True leadership is about creating opportunities, inspiring change, and paving the way for future generations" **A future of possibilities:** "At QNB, we recognise that empowering women in leadership is key to our success. Their contributions strengthen our institution and inspire the next generation of female professionals. As we celebrate International Women's Day, we reaffirm our commitment to fostering a workplace where talent, ambition, and innovation thrive, regardless of gender."


Ghadeer Abu Hijleh, CEO, QNB Switzerland.


Najwa Ibrahim al-Mutawa.

Kuwait issues new law for return to international debt market

Kuwait issued a long-awaited law on Wednesday to regulate public borrowing as the country prepares for a return to international debt markets after eight years, reports Reuters.

The new law sets the public debt ceiling at a maximum of 30bn Kuwaiti dinars ($97.4bn) and allows for the issuance of financial instruments with maturities of up to 50 years, the finance ministry said in a statement.

Kuwait last issued bonds in 2017.

The passage of a debt law that would allow it to return to the debt markets and mitigate its heavy dependence on oil revenues has been hampered for years by infighting between successive parliaments and cabinets.

Kuwait's Emir Sheikh Meshal al-Ahmad al-Sabah assumed power in December 2023 and dissolved parliament less than two months into his tenure, determined to push through economic reforms after the protracted deadlock.

"This is an important sign of reform momentum building, alongside a vital fiscal development. For investors, it indicates that reforms are finally progressing," Monica Malik, chief economist at Abu Dhabi Commercial Bank said.

The government has previously said government spending has to be fixed in order to control budget growth.

Turkish markets steady on Trump praise, tough central bank talk

Bloomberg
Istanbul

Turkish financial markets steadied as US President Donald Trump endorsed his counterpart Recep Tayyip Erdogan and the central bank pledged to further tighten policy if needed.

The lira was little changed against the dollar on Wednesday as local stocks and bonds retreated after rebounding in past days. While markets have calmed following last week's chaotic exodus of foreign capital, investors remain concerned about the costs of Turkiye's all-out push to restore stability.

"The initial shock appears over," said Mehmet Gerz, CEO of Istanbul-based asset manager Ata Portfoy. "However, risk of political uncertainty has come back to Turkiye's investment climate. We may need to reevaluate our investment thesis and 2025 expectations."

According to calculations by Bloomberg Economics, the rout probably reduced Turkiye's foreign-currency reserves by $26.6bn in the three days over March 19-21. This left the central bank's net reserves at $32.4bn at the end of last week, economist Selva Bahar Baziki wrote.

Governor Fatih Karahan said during an event in Istanbul that the central bank will "tighten monetary stance should there be a deterioration in the inflation outlook." He said it will continue to use "all policy tools within market rules" after its "rapid action" moves to curb volatility.

Trump praised President Erdogan, confirming investor expectations that Turkiye was likely to face little external political pressure after Ekrem Imamoglu, the mayor of Istanbul and the head of state's main political rival, was detained and then jailed.

"Good place, good leader, too," Trump said during a meeting of ambassadorial nominees on Tuesday. Trump's comments came after a brief introduction by Tom Barrack, the founder of Colony Capital LLC who is Trump's longtime friend and nominee to be ambassador to Turkiye.

Erdogan kept pressure on the opposition, whose actions he blames for the market rout, saying on Wednesday that those who "sabotage" Turkiye's economy will be held accountable.

The country's top economic officials have intensified efforts to reassure investors who were unsettled by the political turmoil and its implications for markets. On a call attended by thousands of foreign investors on Tuesday, Treasury and Finance Minister Mehmet Simsek said he'd do "whatever it takes" to stabilise markets, according to people who joined the teleconference organised by Citigroup Inc and Deutsche Bank, and who asked not to be named because the meeting was private.

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Chairman Message

Esteemed Shareholders,

On my own behalf and on behalf of the esteemed members of the Board of Directors, I would like to extend my sincere gratitude and appreciation to all of you for accepting our invitation to attend the Ordinary and Extraordinary General Assembly Meeting for the fiscal year 2024.

The company continues to strive in every possible way to achieve commercial and innovative balance by working on a progressive and sustainable development plan, with income diversification as its top priority.

Despite global fluctuations in the medical supplies market, the company's management has made every effort to maintain its market position as an efficient manufacturer and provider of high-quality products with exceptional standards.

Although the company has recorded a total loss of QAR 68,485,914 this year, with a per-share loss of -0.5929 QAR, the management, in collaboration with all its supporters, is committed to taking decisive actions and swift measures. We have already begun implementing these steps in 2024, which are expected to yield positive results for the company. In this regard, the management has decided to introduce new projects that will enable the company to navigate market fluctuations and recover accumulated losses. We have laid the foundation for several sustainable projects that will help the company regain its profitability in the coming year.

In conclusion, the Board of Directors extends its deepest gratitude and appreciation to His Highness Sheikh Tamim bin Hamad Al Thani, the Amir of the State of Qatar, for his supportive decisions in favor of the national industry. We also extend our thanks to our esteemed shareholders for their continuous support and trust in the company's vision and objectives. We look forward to further support and confidence in the capabilities of Qatari local industries.

Yaser Sultan Al-Mannai
Chairman

Sharholders Invitation to attend the Annual Ordinary & Extra Ordinary General Assembly Meeting for Qatari German for Medical Devices Company (Q.P.S.C) For the year 2025

The Board of Directors of Qatari German for Medical Devices Co. (Q.P.S.C), is honored to invite the sharholder to attend the Annual Ordinary & Extra Ordinary Meeting for Qatari German for Medical Devices Co. (Q.P.S.C), which will be held as follows:

Basic Appointment:	On Monday 28-April-2025	Time 5:00 pm	
Reserved Appointment	On Monday 05- May -2025	Time 5:00 pm	If the quorum is not completed on Basic Date
Third Appointment	On Sunday 08-June-2025	Time 5:00 pm	In case the quorum of the ExtraordinaryAssembly is not completed

Meeting will be be held at the company head quarter and virtually through modern means of telecommunication electronicaly Via service provider Alpha Omega Company

***The Agenda of the Annual Ordinary General Assembly Meeting is as follows:**

1. Listen to Chairman Message in terms of the company's activity and its financial position for the financial year ended 31/12/2024 and Company Future Plan and approving it
2. Listen to the auditors' report for the financial year ended 31/12/2024 and approving it
3. Discuss the company's balance sheet and profit and loss account ended 31/12/2024 and approving it and Consider the recommendation of the Board of Directors not to distribute dividends.
4. Discuss corporate governance report for the year 2024 and approving it.
5. Discharge the Board members for the financial year ended 31/12/2024 and the announcement of no remuneration.
6. Appointment of external auditors for the financial year 2025 and determining their remuneration.

For a copy of the Company's Financial Statements for 2024, and External Auditor's Report for the same year please visit www.qgmd.com

***The Agenda of the Annual Extra Ordinary General Assembly Meeting is as follows:**

1. Consider the recommendation of the Board of Directors to continue the operations of the Company despite company's accumulated losses reaches more than half of its capital.
2. Amending certain articles of the company's article of association to comply with the requirements of the Qatar Financial Markets Authority, and authorizing the Chairman of the Board of Directors to complete the procedures and obtain the necessary approvals. The clauses to be amended are as follows:

- Amending Article (7) of the Article of Association, regarding the percentage of non-Qatari ownership, to read after amendment as follows:

A total of (30,250,000) shares were offered upon incorporation, with a value of (30,250,000) riyals, for public subscription in the authorized and licensed company's bank, at a nominal price of (1) riyal per share, after approval by the Corporate Affairs Department in accordance with the provisions of Articles (76 to 87) of Commercial Companies Law No. (11) of 2015.

Each share entitles its holder to a share equal to the share of any other shareholder, without discrimination, in the ownership of the company's assets and in the profits distributed as specified in these bylaws. The last shareholder whose name is registered in the company's records shall have the right to receive the amounts due for the share, whether in the form of dividends or a share in assets.

Shares shall be nominative and shall be paid in a single payment. No Qatari natural or legal person may own at any time more than 25% of the company's shares. Non-Qatari shareholders may own 100% of the company's capital in accordance with the laws in force at that time, provided that the contribution of any non-Qatari natural or legal person does not exceed 10% of the company's shares.

- Amend Article (36) of the Articles of Association, regarding the remuneration of the Chairman and members of the Board of Directors, to read after amendment as follows:

"The Ordinary General Assembly shall determine the remuneration of the members of the Board of Directors, provided that the percentage of such remuneration shall not exceed (5%) of the net profit after deducting reserves and legal deductions and distributing a profit of no less than (5%) of the company's paid-up capital to shareholders.

Board members may receive a lump sum if the company does not make a profit. This requires the approval of the general assembly, and the Ministry may set a maximum for this amount.

The definition of remuneration includes everything the chairman and members receive in the form of meeting attendance allowance, a percentage of profits, or other compensation for their work on the board. Then it is subject to the maximum limit specified in Article (119) of the Commercial Companies Law No. (11) of 2015 and its subsequent amendments, and Article (18) of the Corporate Governance Framework. If it becomes clear that what was spent exceeds the maximum limit, the chairman and members must return the excess, each according to what he has received."

Yaser Sultan Al-Mannai
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS
QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.
DOHA, STATE OF QATAR

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Qatari German Company for Medical Devices Q.P.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, comprising a summary of material accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position, financial performance and its cash flows for the year ended 31 December 2024 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

The Company has reported gross trade receivables of QR 52,612,547 as of 31 December 2024. We did not receive direct balance confirmations from majority of customers. Accordingly, we were unable to determine whether any adjustments to the carrying amounts of trade receivables as of 31 December 2024 might be necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Note 16 (b) regarding the borrowings. During 2023, Qatar Development Bank filed a lawsuit against the Company, where the Supreme Judiciary Council - Investment and Trade court ruled to pay the plaintiff an amount of one hundred and twenty-seven million six hundred and eighty-two thousand, eight hundred and seventy riyals (QR: 127,682,870) with an annual profit return of 5% commencing from 12 June 2023 until the date of full payment.

Further, during the year ended 31 December 2024, as per the legal confirmation received from legal counsel of the Company, a settlement agreement has been signed by both parties, and the restructuring of the borrowings is under progress.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company has incurred losses of QR 68,485,914 during the year ended 31 December 2024 and the accumulated losses as at that date amounted to QR 190,911,118 (2023: QR 122,425,204), which resulted in a negative net equity of QR 32,451,624. Further, the Company's current liabilities exceeded its current assets by an amount of QR 141,239,333 (2023: QR 79,974,077) as at 31 December 2024.

As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists in the Company's ability to continue as a going concern. The accompanying financial statements have been prepared on a going concern basis which is dependent on the shareholders' continuing financial support for the Company to meet its financial obligations as they fall due. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
• **Valuation of buildings under property, plant and equipment and investment property**	
The Company's statement of financial position as of 31 December 2024 includes property, plant and equipment of book value amounting to QR 100,126,880 (2023: QR 104,615,821) and it represents 70% (2023: 52%) of the Company's total assets. The carrying value of buildings under property, plant and equipment amounting to QR 32,074,303 (2023: QR 34,008,900) represents 32% (2023: 33%) and machinery and equipment amounting to QR 67,211,185 (2023: QR 69,536,262) represents 67% (2023: 66.5%) of the total property, plant and equipment. Investment properties in the statement of financial position amounting to QR 12,441,000 (2023: QR 12,484,000) represents 8.64% (2023: 6.21%) of the Company's total assets. Estimating the fair value is a complex process involving number of judgements and estimates including key assumptions. Consequently, the valuation of the building and investment property is considered as a key audit matter.	Our audit procedures in this area included, among others: • Assessing the competence, capabilities and objectivity of the expert appointed by the management. • Agreeing the property information in the valuation by tracing a sample of inputs to the underlying property records held by the Company. • Assessing the consistency of the valuation basis and appropriateness of the methodology used, based on generally accepted valuation practices. • Evaluating the appropriateness of the assumptions applied to key inputs such as market prices, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the Company and the industry.
• **Expected credit loss impairment allowance against trade receivables**	
As at 31 December 2024, the Company had trade receivables of QR 52,612,547 net of expected credit loss ("ECL") impairment allowance of QR 49,136,752. We considered this as a key audit matter, as the determination of ECL involves significant estimation and management judgement and these has a material impact on the financial statements of the Company. The key areas of judgment include: 1. Categorization of trade receivables into stage 1, 2 and 3 based on the identification of: i. exposure with a significant increase in credit risk since their origination; and ii. individually impaired/defaulted exposures. 2. Assumptions used in the ECL model determining the probability of default, loss given default, and exposure at default, including but not limited to assessment of financial condition of counterparties, expected future cashflows, developing and incorporating forward looking assumption, macro-economic factors and the associated scenarios and expected probabilities weightages.	Our audit procedures in this area included, among others: • Obtaining understanding of management's assessment of ECL allowance against trade receivables including the Company's internal rating model, accounting policy, model methodology including any key changes made during the year. • Comparing the Company's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9. • Testing of completeness and accuracy of data supporting the ECL calculations as at 31 December 2024. • Assessment of the adequacy of disclosures in the financial statements.
The application of these judgements and estimates results in greater estimation uncertainty, and the associated audit risk regarding the ECL calculation as at 31 December 2024. Refer to the following notes of the financial statements. • Note 3.2 – Material accounting policies; • Note 4 – Critical accounting estimates and judgments • Note 10 – Trade and other receivables; and • Note 27 – Financial risk management	

Other Information

The Board of Directors are responsible for other information. The other information comprises of Annual report for 2024, which is expected to be made available to us after the date of auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

-Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

-Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

-Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

-Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

-Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies Law, we report the following:

-We are also in the opinion that proper books of account were maintained by the Company and physical inventory verification has been duly carried out.

-We obtained all the information and explanations which we considered necessary for the purpose of our audit except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report.

-To the best of our knowledge and belief and according to the information given to us except as mention below, no contraventions of the applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association were committed during the year which would materially affect the Company's financial position and performance.

-The accumulated losses of the Company as of 31 December 2024 amounted to QR 190,911,118. Qatar Commercial Companies Law states that should the Company's losses exceed 50% of the share capital of the Company, the management has to call for a shareholders' meeting and the shareholders should resolve to either dissolve the Company or increase its share capital.

Fathi Abu Farah
Partner
Moore Stephens and Partners
License No. 294
QFMA Auditor's Registration No. 120189

25 March 2025
Doha, State of Qatar

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	2024 QR	2023 QR
ASSETS			
Non-current assets			
Property, plant and equipment	5	**100,126,811**	104,615,821
Right-of-use assets	6	**60,405**	69,698
Investment properties	7	**12,441,000**	12,484,000
Intangible assets	8	**10,227,475**	10,329,937
Total non-current assets		**122,855,691**	127,499,456
Current assets			
Inventories	9	**15,799,094**	24,729,200
Trade and other receivables	10	**4,716,777**	48,361,965
Cash and bank balances	12	**524,023**	341,827
Total current assets		**21,039,894**	73,432,992
TOTAL ASSETS		**143,895,585**	200,932,448
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	**115,500,000**	115,500,000
Legal reserve	14	**30,807,629**	30,807,629
Revaluation reserve	15	**12,151,865**	12,151,865
Accumulated losses		**(190,911,118)**	(122,425,204)
TOTAL EQUITY		**(32,451,624)**	36,034,290
LIABILITIES			
Non-current liabilities			
Borrowings	16	**13,186,722**	10,568,075
Provision for employees' end of service benefits	17	**828,332**	860,526
Lease liabilities	6	**52,928**	62,488
Total non-current liabilities		**14,067,982**	11,491,089
Current liabilities			
Borrowings	16	**138,444,204**	131,718,670
Trade and other payables	18	**23,825,483**	21,679,182
Lease liabilities	6	**9,540**	9,217
Total current liabilities		**162,279,227**	153,407,069
TOTAL LIABILITIES		**176,347,209**	164,898,158
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**143,895,585**	200,932,448

These financial statements were approved by the Board of Directors on 24 March 2025 and were signed on its behalf by:

Yaser Sultan Al-Mannai
Chairman of the Board of Directors

Fahad Abdulla Malik
Vice-Chairman of the Board of Directors

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 QR	2023 QR
Revenue	19	**9,984,533**	27,851,471
Costs of revenue	20	**(6,940,072)**	(18,660,448)
Gross profit		**3,044,461**	9,191,023
Other income	21	**2,762,376**	2,981,136
Provision of impairment of trade receivables	10	**(45,295,586)**	–
Provision for obsolete and non-moving inventories	9	**(7,908,492)**	–
Reversal of impairment of property, plant and equipment	5	–	2,215,231
Depreciation on property, plant and equipment	5	**(4,525,281)**	(5,344,390)
Selling and distribution expenses	22	**(165,702)**	(398,560)
General and administrative expenses	23	**(5,356,403)**	(4,553,645)
Finance costs	24	**(11,041,287)**	(2,754,814)
(Loss)/profit before income tax		**(68,485,914)**	1,335,981
Income tax expense		–	–
Net (loss)/profit for the year		**(68,485,914)**	1,335,981
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Gains on revaluation of buildings	5	–	240,936
Total other comprehensive income for the year		–	240,936
Total comprehensive (loss)/income for the year		**(68,485,914)**	1,576,917
Basic and diluted earnings per share *(Expressed in QR per share)*	25	**(0.593)**	0.012

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 QR	2023 QR
OPERATING ACTIVITIES			
Net (loss)/profit for the year		**(68,485,914)**	1,335,981
Adjustments for:			
Depreciation of property, plant and equipment	5	**4,525,281**	5,344,390
Impairment loss on investment property	7	**43,000**	106,000
Impairment loss on intangible assets	8	**102,462**	–
Interest on lease liabilities	6	**2,290**	2,621
Depreciation for right-of-use assets	6	**9,293**	9,293
Reversal of impairment of property, plant and equipment	5	–	(2,215,231)
Provision for employees' end of service benefits	17	**147,630**	45,589
Interest on borrowings		**10,746,072**	2,698,462
Operating cashflow before movement in working capital		**(52,909,886)**	7,327,105
Changes in			
Inventories		**8,930,106**	2,853,057
Trade and other receivables		**43,645,188**	(17,858,344)
Trade and other payables		**2,146,301**	7,963,037
Cash generated from operating activities		**1,811,709**	284,855
Employees' end of service benefits paid	17	**(179,824)**	(140,160)
Interest on borrowings paid		**(573,981)**	(1,086,557)
Social and sports fund contribution paid		–	(33,400)
Net cash generated from/(used in) operating activities		**1,057,904**	(975,262)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(36,271)**	(1,053,044)
Net cash used in investing activities		**(36,271)**	(1,053,044)
FINANCING ACTIVITIES			
Movement in borrowings		**(827,910)**	(4,187,100)
Repayment of lease liabilities	6	**(11,527)**	(11,527)
Net cash used in financing activities		**(839,437)**	(4,198,627)
Net increase/(decrease) in cash and cash equivalents		**182,196**	(6,226,933)
Cash and cash equivalent as at beginning of the year		**119,892**	6,346,825
Cash and cash equivalents as at the end of the year	12	**302,088**	119,892

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital QR	Legal reserve QR	Revaluation reserve QR	Accumulated losses QR	Total QR
As at 1 January 2024	115,500,000	30,807,629	12,151,865	(122,425,204)	36,034,290
Total comprehensive income for the year:					
Net loss for the year	–	–	–	(68,485,914)	(68,485,914)
Other comprehensive income	–	–	–	–	
Total comprehensive loss for the year	–	–	–	**(68,485,914)**	**(68,485,914)**
Transfer to legal reserve	–	–	–	–	–
As at 31 December 2024	**115,500,000**	**30,807,629**	**12,151,865**	**(190,911,118)**	**(32,451,624)**
As at 1 January 2023	115,500,000	30,674,031	11,910,929	(123,594,187)	34,490,773
Total comprehensive income for the year:					
Net profit for the year	–	–	–	1,335,981	1,335,981
Other comprehensive income	–	–	240,936	–	240,936
Total comprehensive income for the year	–	–	240,936	1,335,981	1,576,917
Transfer to legal reserve	–	133,598	–	(133,598)	–
Social and sports fund contribution	–	–	–	(33,400)	(33,400)
As at 31 December 2023	115,500,000	30,807,629	12,151,865	(122,425,204)	36,034,290

China floods the world with AI models after DeepSeek success

Bloomberg
Hong Kong

Since DeepSeek upstaged OpenAI in January with a powerful model that purportedly cost just several million dollars to build, China's tech leaders have flooded the market with a rapid succession of low-cost AI services, undercutting premium offerings from the likes of OpenAI and Alphabet Inc's Google

DeepSeek did more than just show the AI industry you don't have to spend billions to build artificial intelligence. It fired up a long-dormant Chinese tech industry — and now Western names from OpenAI Inc to Nvidia Corp may pay the price.

Since DeepSeek upstaged OpenAI in January with a powerful model that purportedly cost just several million dollars to build, China's tech leaders have flooded the market with a rapid succession of low-cost AI services, undercutting premium offerings from the likes of OpenAI and Alphabet Inc's Google. Chinese companies have in the past two weeks rolled out no fewer than 10 major product updates or releases — and that's just the big names.

Baidu Inc unfurled the Ernie X1 in direct competition with DeepSeek's R1. Alibaba Group Holding Ltd followed suit with its own AI agents and reasoning model upgrade. Just in the past week, Tencent Holdings Ltd trotted out its AI blueprint and answer to the R1; Ant Group Co shared findings on how Chinese chips can slash costs by a fifth; DeepSeek itself upgraded the V3 model. Even Meituan — best known as the world's biggest meal-delivery service — announced it was splashing out billions of dollars on AI.

The rapidly accelerating array of enhancements and tune-ups is more than Chinese companies jumping on the DeepSeek bandwagon. Collectively, the AI models — nearly all of them open-sourced — represent the developers' effort to set world standards and benchmarks, and grab a bigger slice of the global market. While the jury is out on whether these AI releases match or surpass the most cutting-edge systems from Western AI developers, these newer options are putting more pressure on the business models of leading US companies.

OpenAI, for one, is now trying to strike a careful balance. The ChatGPT maker has said it's mulling giving away some of its technology following DeepSeek's success with the open-source approach. At the same time, OpenAI is still weighing charging far more for its most sophisticated products. If DeepSeek's low-cost template is replicated, that may also shrink the profits for Nvidia which specialises in the expensive AI chips, making valuation "adjustments" inevitable, said Amr Awadallah, founder and chief executive officer of Vectara Inc.

Chinese companies have in past years squeezed out global rivals in industries as varied as electric vehicles and solar panels, by out-manufacturing and undercutting their competitors. The pattern may be replicating itself in AI.

It's a "big problem," said the Palo Alto-based Awadallah, whose startup helps enterprises build and deploy AI agents and AI Assistants. "We're about to see a trend toward significant margin compression for companies throughout the ecosystem. Not just AI model builders, but the large AI enablers that are also driving the growth of the industry."

The open-source, high-performance, resource-efficient models that followed DeepSeek's January announcement are being replicated and used globally, including in the US and India — even as businesses and government officials in these countries move to restrict access to DeepSeek itself on employee devices. Chinese developers are reshaping the market and calling into question the massive infrastructure investments pledged by big US tech companies such as OpenAI and Microsoft Corp.

"If you assume the Chinese LLM players' intent is to disrupt the market and steal share, it's worked," said James Wilton, managing partner and founder of Monevate, a consultancy for tech companies. "They might be willing to eat up the costs right now, but it won't stay free forever."

At the same time, the Chinese cloud providers that host AI development are slashing prices — a competition that threatens to spill beyond its borders.

"It's just sort of a natural evolution of that price war within the Chinese ecosystem spreading out into other markets," said Kevin Xu, a tech investor and founder of US-based Interconnected Capital.

On Tuesday, Alibaba Chairman Joe Tsai warned of a potential bubble forming in data centre construction, arguing that the pace of that buildout may outstrip initial demand for AI services. "I'm still astounded by the type of numbers that's being thrown around in the US about investing into AI," Tsai said at a Hong Kong conference. "People are talking, literally talking, about $500bn, several 100 billion dollars. I don't think that's entirely necessary."

Some expect the parade of open-source models to spill over into adjacent fields from computer vision to robotics and image generation in coming months.

With China's strength in hardware, the cheaper and more accessible the AI models, the more the demand for devices powered by AI, said Balaji Srinivasan, tech investor and former general partner with Andreessen Horowitz.

IMF gives initial approval for $2bn loans for Pakistan

The International Monetary Fund has reached a staff-level agreement to provide $2.3bn to Pakistan in two separate loans, in a show of confidence by the global lender in the government's economic reforms to rebuild the fragile South Asian economy, reports Bloomberg.

The nation is in line to receive about $1bn as the second instalment of the total $7bn loan package it secured last year after an approval by the IMF's executive board, according to a statement by the Washington-based lender. In addition, Pakistan won a new arrangement under the Resilience and Sustainability Facility, or RSF, with total access of around $1.3bn over the 28-month programme, the statement said.

The nation's benchmark KSE-100 Index gained the most in three weeks before closing up 0.9% on Wednesday after the IMF announcement. Pakistan's dollar bonds edged higher, with the note maturing in 2029 rising to the highest level in over a month.

"Pakistan has made significant progress in restoring macroeconomic stability and rebuilding confidence despite a challenging global environment," Nathan Porter, head of the IMF's mission to Pakistan, said in the statement.

Nissan's new CEO says it needs partners and is open to Honda

Bloomberg
Tokyo

Nissan Motor Co's incoming chief executive officer said he's open to pursing a partnership with Honda Motor Co, the Japanese peer his carmaker tried to combine with before talks broke down last month.

The auto industry's push into intelligent cars "is going to require a lot of work and a lot of investment that probably will need some partner," Ivan Espinosa, who assumes his new role on April 1, said on Wednesday. "I'm open to Honda or other partners, as long as these partners are helping us drive the vision of the business."

Nissan tapped Espinosa, 46, to take over its top job at a critical juncture. The Japanese carmaker has braced investors for a third annual net loss in the last six years, sales are slumping and negotiations with Honda fell apart last month under outgoing CEO Makoto Uchida.

The top items on Espinosa's to-do list will be to seek collaborations with companies that would help Nissan develop electric vehicles and refresh the ageing car lineup costing the company share in major markets including the US and China.

A tie-up with a traditional automaker could offer "some synergy" in terms of size, powertrain technology and battery investment, Espinosa told reporters in Atsugi, near Nissan's headquarters in Yokohama.

"There's another avenue, which is who should you partner with in order to develop this intelligent part of the future. There are some traits and some competencies that traditional OEMs don't have," he said, referring to original-equipment manufacturers.

Taiwanese iPhone maker Hon Hai Precision Industry Co has expressed interest in buying French automaker Renault SA's stake in Nissan. Although Nissan is receptive to cooperating with the company also known as Foxconn, it sees more merit in partnering with a big tech firm, Bloomberg News reported earlier this month.

Espinosa, who's been chief planning officer since April of last year, said he regrets not accelerating product development previously. "Changing a big company like Nissan is not an easy thing," he said.

He reiterated the Japanese automaker's plan to shorten the time it takes for a car to go from development to production to as few as 30 months, from as many as 52 months.

Nissan will roll out a number of new and refreshed models in its next two fiscal years to arrest its financial free fall.

In North America, a new version of the Sentra compact sedan will be introduced later this year, and the US and Canada will be the first markets to launch the new Leaf, which will be equipped with a port that enables plugging in at Tesla Inc.'s Superchargers. Nissan also plans to start producing an unspecified new EV at its plant in Canton, Mississippi, starting late in fiscal year 2027.

Bloomberg QuickTake Q&A

Why Indonesia's sweeping overhaul is spooking markets

By Grace Sihombing and Adrian Kennedy

Since President Prabowo Subianto took office in October, Indonesia's stock market has slumped and by late March the rupiah had tumbled to its lowest level since the 1997-1998 Asian financial crisis, when the country was bailed out by the International Monetary Fund. That's despite the former military general's vow to attract investment and supercharge the country's economic growth to 8% a year, from roughly 5% annually over the past decade. Prabowo has initiated a flurry of policy changes in his first months in power, but investors are growing increasingly concerned about Indonesia's fiscal outlook and potential democratic backsliding.

What new policies has Prabowo implemented?

Prabowo inherited an economy that had weathered the Covid-19 pandemic and was growing steadily, thanks to a decade of infrastructure spending and foreign investment. He wants to boost economic growth by shifting expenditure from toll roads and transportation to so-called soft infrastructure, which encompasses services such as education and health.

The president has unleashed populist measures including a 6.5% increase in the minimum wage and a rollout of programmes that will eventually provide free health checks and free lunches to tens of millions of people.

He also drastically pared back a planned hike to the country's sales tax hours before it was due to take effect, and ditched plans to curb the distribution of subsidised cooking gas to millions of households, which costs roughly 350tn rupiah ($21bn) a year.

Prabowo's reforms aim to boost the welfare and productivity of the country's relatively young population and pull in investment from abroad. More than a third of Indonesians over 15 only have a primary school education or less, leaving them without the skills needed for the country to reach its goal of becoming a developed nation by 2045.

The president is also overseeing the creation of a sovereign wealth fund, known as Danantara, pitching it as a vehicle that will attract foreign investment and improve the management of state holdings. Prabowo says it could manage more than $900bn of assets. Danantara is taking over government stakes in state-owned enterprises and aims to encourage the private sector to join it in investing in strategic projects, ranging from artificial intelligence to the downstream processing of nickel into its refined form, which can be used in the likes of electric vehicle batteries. Indonesia is currently the world's largest producer of mined nickel.

As part of Prabowo's efforts to move Indonesia up the value chain in manufacturing, in February, his administration successfully induced technology giant Apple Inc to invest $1bn in the country, after withholding a permit for sales of the iPhone 16.

How have investors reacted to Prabowo's policy agenda?

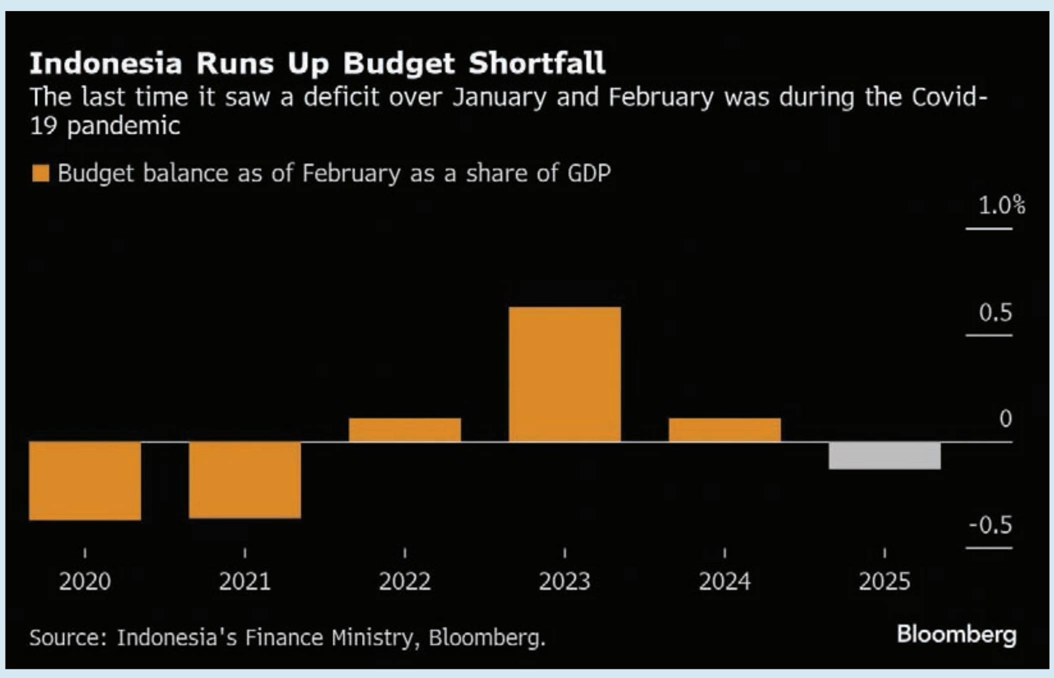
The Jakarta Composite Index fell nearly 20% across Prabowo's first five months in office. Among all the currencies in Asia, only South Korea's won, rattled by a failed declaration of martial law, performed worse than the rupiah over this period.

Foreign investors, already skittish about emerging markets, are concerned about the pace of Prabowo's changes. They're also worried that red tape could stunt growth in Southeast Asia's largest economy. "I want efficiency," the president declared at his first cabinet meeting, even as he set up a government with 48 ministries versus the 34 under his predecessor Joko Widodo.

There's further anxiety over how the government will fund its plans without breaking the legal cap on the deficit of 3% of gross domestic product. To pay for his policies, the president has ordered ministries, agencies and local governments to slash costs, seeking to free up as much as $19bn in state funds for social programs. This has resulted in pushback from the civil service and Prabowo deriding the "little kings" within the bureaucracy.

There are also plans for the central bank to buy state bonds through the secondary market, raising the spectre of debt monetisation in which Bank Indonesia effectively funds public spending. There are already jitters over a lawmaker review of the central bank's mandate.

The challenge for Indonesia's leader is to ensure that his expensive populist pledges don't cause a budget blowout and further sap investor confidence, especially against the backdrop of the tariffs imposed by US President Donald Trump roiling global markets and trade. As government spending was reallocated to Prabowo's new initiatives, Indonesia's state revenues across January and February dropped by 21% year-on-year. This led to a rare budget deficit for the start of the year — the first since 2021, when spending jumped to support the pandemic-hit economy.



In March, Fitch Ratings Inc warned of a "highly uncertain" fiscal outlook for the government, while Moody's Ratings then pointed to risks ranging from the external environment to a lack of clarity about Danantara's new operations.

Officials have sought to reassure investors. Veteran Finance Minister Sri Mulyani Indrawati denied resignation rumours amidst the stock market slump and vowed to manage state finances prudently. In response to investor disquiet about how the new sovereign wealth fund could affect state-owned enterprises, the government unveiled a heavyweight management team for Danantara, naming the billionaire founder of Bridgewater Associates, Ray Dalio, and economist Jeffrey Sachs to its advisory board.

What's at stake as Prabowo undertakes his reforms?

Prabowo's initiatives have domestic support and his popularity remains high. The key question is whether the nation of 280mn people — the world's fourth-largest population — will continue to see income growth, or whether it could fall into a middle-income trap like neighbouring Thailand, leaving it stuck as a developing nation.

Some 27 years after Indonesia sought a bailout from the IMF, Indonesia enjoys investment-grade credit ratings that are two levels above junk, a hard-earned status that has helped attract foreign capital. A serious crisis in confidence or continued revenue shortfalls could deter the investors needed to help Prabowo meet his growth target.

For many Indonesians, including those who protested against a perceived power grab under the previous administration, Prabowo will be measured by whether he further entrenches the country's young democracy or allows backsliding towards its authoritarian past. His allies in parliament have passed legislation allowing military officials to have a greater role in government, ending some of the curbs put in place after the fall of late dictator Suharto. Students took to the streets in March to protest the passage of this new law.

How did Prabowo ascend to power?

Born in 1951, Prabowo is a former military general and son-in-law of Suharto. He was discharged from the army in 1998 — the year of Suharto's downfall — for alleged human rights abuses. Prabowo was never put on trial and always denied any wrongdoing, but the former Indonesian special forces commander was banned from the US for roughly two decades over these human rights concerns.

Prabowo gradually rebuilt his domestic profile. He unsuccessfully contested for the presidency in 2014 and 2019, losing out in both instances to long-term rival Widodo, who's popularly known as Jokowi. In 2019, Prabowo was appointed defence minister by Jokowi, leading to the removal of his US travel ban and allowing him to rehabilitate his international profile too.

By 2024, he had undergone an extensive image makeover, reinventing himself as a cat-loving grandpa with a big presence on social media. On his third try, Prabowo secured the presidency — with Jokowi's eldest son as his running mate.

US adds dozens of Chinese entities to export restrictions list, including Inspur units

Reuters
Washington

The US has added six subsidiaries of Inspur Group, China's leading cloud computing and big data service provider, and dozens of other Chinese entities to its export restriction list on Tuesday.

The Inspur units were listed for contributing to the development of supercomputers for the Chinese military, the Commerce Department said in a posting. Five of the subsidiaries are based in China and one in Taiwan. Inspur Group itself was placed on the list in 2023.

The Inspur units are among about 80 companies and institutes added to the export control list on Tuesday. Over 50 are based in China. Others are in Taiwan, Iran, Pakistan, South Africa and the United Arab Emirates.

The listings are intended to restrict China's ability to develop high-performance computing capabilities, quantum technologies and advanced AI, and impede China's development of its hypersonic weapons programme.

"We will not allow adversaries to exploit American technology to bolster their own militaries and threaten American lives," US Commerce Secretary Howard Lutnick said.

China's foreign ministry in response to an enquiry on Wednesday condemned the US move and said the country will take necessary measures to safeguard the legitimate rights and interests of Chinese enterprises.

The move is "not conducive to creating an atmosphere for the two sides to solve problems through dialogue and co-operation," China's commerce ministry said in a statement on Wednesday.

The Chinese embassy in Washington said on Tuesday that it firmly opposed "these acts taken by the US and demand that it immediately stop using military-related issues as pretexts to politicise, instrumentalise and weaponise trade and tech issues."

The Inspur Group did not immediately respond to a request for comment.

Chinese and US flags flutter outside a company building in Shanghai (file). The US has added six subsidiaries of Inspur Group, China's leading cloud computing and big data service provider, and dozens of other Chinese entities to its export restriction list on Tuesday.

The US also seeks to disrupt Iran's procurement of drones and related defence items and prevent development of its ballistic missile programme and un-safeguarded nuclear activities.

The government adds companies to the Commerce Department's Entity List for national security or foreign policy concerns. Companies cannot sell goods to those listed without applying for and obtaining licenses, which are likely to be denied.

Commerce official Jeffrey Kessler said the administration aims to prevent "US technologies and goods from being misused for high performance computing, hypersonic missiles, military aircraft training, and UAVs (drones) that threaten our national security."

When Inspur Group was placed on the list in 2023, executives from AMD and Nvidia were questioned about their dealings with the company. At the time, chip industry insiders and their advisers said firms were trying to assess whether they had to halt supplying Inspur's subsidiaries.

Reuters could not immediately determine whether the US companies continued to do business with the subsidiaries.

Nvidia declined to comment and AMD did not immediately respond to a request for comment.

Chinese firms Nettrix Information Industry Co, Suma Technology Co and Suma-USI Electronics are among the other companies added to the list. The US said they were added for helping develop Chinese exascale supercomputers, which can process vast amounts of data at very high speeds and conduct large-scale simulations.

The companies have also provided manufacturing capabilities to Sugon, also known as Dawning Information Industry Co, a computer server manufacturer added to the Entity List in 2019 for building supercomputers used by the military, the Commerce Department said.

The companies could not immediately be reached for comment.

Other companies were added to the list for acquiring US-origin items to advance China's quantum technology capabilities and for selling products to companies that supply other listed parties, including Huawei, the tech conglomerate viewed as at the centre of China's AI ambitions.

The Beijing Academy of Artificial Intelligence (BAAI), a Chinese non-profit new research and development institution that was also targeted by the US, said on Wednesday that it was shocked and demanded that relevant US departments withdraw the "wrong" decision.

European officials weigh if they can rely on Fed for dollars under Trump

Reuters
London

Some European central banking and supervisory officials are questioning whether they can still rely on the US Federal Reserve to provide dollar funding in times of market stress, six people familiar with the matter said, casting some doubt over what has been a bedrock of financial stability.

The sources told Reuters they consider it highly unlikely the Fed would not honour its funding backstops — and the US central bank itself has given no signals to suggest that.

But the European officials have held informal discussions about this possibility — which Reuters is reporting for the first time — because their trust in the US government has been shaken by some of the Trump administration's policies. President Donald Trump has made a sharp break from long-standing US policy in several areas, such as appearing to endorse Russia's position on Ukraine, raising questions about US commitment to European security and imposing tariffs on its allies. In some European forums where participants assess potential risks to the financial system, these officials have discussed scenarios under which the US government might pressure the Fed to suspend the dollar backstops, two of the sources said.

Some officials have been gaming out whether they can find alternatives to the US central bank, the two sources said. In times of market stress, the Fed has provided the European Central Bank and other major counterparts with access to dollar funding. The takeaway from these discussions: There is no good substitute to the Fed, said the six sources, who include senior ECB and European Union banking supervisory staff with first-hand knowledge of the conversations.

The sources all requested anonymity to speak candidly about the private deliberations. The ECB and the Fed declined to comment for this article. The White House did not respond to a request for comment.

The Fed is an independent institution, accountable to Congress. The central bank has never suggested that it would not stand behind its backstops, which it maintains as a first line of defence against foreign economic or financial trauma spilling over to the US.

Separately, five senior eurozone central bank officials said the informal conversations — held outside regular policymaker gatherings — were not driven by any signals from the Fed or from ECB leadership.

One of the sources with direct knowledge of the conversations said the matter has been discussed in recent weeks in working groups that help officials examine issues, and involved senior European central banking and supervisory staff.

Another said the question of whether Europe can rely on the Fed's backstops is expected to also come up in more formal discussions soon.

One of the sources said the discussions come amid "the potential for less international co-operation on the part of American authorities." During a European Parliament hearing on Thursday about the US shift to protectionism and its impact on the European economy, ECB President Christine Lagarde said the relationship with the Fed had not changed since Trump took office in January.

As the central bank for the 20 eurozone countries, the ECB sets monetary policy and is responsible for increasing the financial system's resilience and identifying potential risks. It also supervises the region's top banks, which are among the world's largest.

The discussions about funding alternatives are part of a broader analysis of the vulnerabilities in the eurozone's financial system, which the ECB and other EU regulators do as a matter of course, the sources said. The US dollar is the dominant currency for economic trade and capital flows. In times of stress, investors, companies and financial institutions rush to the safety of the world's reserve currency.

Most recently in 2023, the Fed provided tens of billions of dollars to the Swiss central bank, which in turn enabled Credit Suisse to meet client demand for cash. While Credit Suisse eventually had to be rescued, the Fed helped avert an implosion that could have wrecked the financial system, analysts say.

Despite the doubts expressed by banking officials in private conversations, the possibility the Fed would ever curtail its financing lines is seen by European officials as only a very remote possibility, according to the five eurozone central bank officials, who also spoke to Reuters on condition of anonymity.

That's because such a move by the Fed would have profound ramifications for global markets, financial stability and the economy. It would also likely ricochet back on the US economy, threaten the dollar's dominance and depress demand for US government debt, several of the sources said.

While the Fed's independence is not under question, four of the six sources familiar with the discussions said some European officials felt it was possible that the Trump administration may increase pressure on the central bank over time, leading to the scenario where it doesn't provide dollar funding.

The Fed declined to comment on that possibility, while the White House did not respond to a request for comment.

One of the sources said EU officials are concerned about European banks' short-term borrowings in dollars, which make continued access to the Fed's credit lines vital. About 17% of eurozone banks' funding is in dollars, a recent ECB study showed.

US stock market liquidity drying up as trade war concerns mount

Bloomberg
New York

Worries over the economic effects of the global trade war are sapping liquidity in US stocks, creating a headache for institutional investors that could also boost volatility in broader markets.

Liquidity — the ease of buying or selling an asset without affecting its price — has been dwindling for years due to factors such as tighter regulations and the rise of automatic trading. Now, tariff concerns have introduced a new wrinkle, stoking gyrations in individual stocks that have made it harder for institutions to trade in size.

The phenomenon can be seen in a pair of widely tracked liquidity measures. Liquidity in S&P 500 stock-index futures, as measured in the most active contract, stands at a two-year low, data compiled by Deutsche Bank AG show. Meanwhile, the five-day moving average of Citigroup Inc.'s liquidity index, which is based on futures volumes for the S&P 500, is also hovering near its lowest level in two years.

"This concerns us and it's really frustrating," said Rob Friesen, chief operating officer at Las Vegas-based Bright Trading. "Tariff fears exacerbate swings in individual stocks, so then you feel like you're getting run over every time the algo trades kick in when volatility spikes."

Low liquidity can push up the costs of portfolio hedging for traders large and small, while widening the spread between buy and sell prices until it becomes difficult for investors to determine what is fair to pay. In broader markets, it can magnify stock routs if investors aren't able to sell shares at the desired level, forcing them to take a worse price.

A container ship at the Port of Philadelphia. Worries over the economic effects of the global trade war are sapping liquidity in US stocks, creating a headache for institutional investors that could also boost volatility in broader markets.

Fed flag: In November, the Federal Reserve flagged the issue in its Financial Stability Report, saying "liquidity in financial markets was generally low and can become strained during periods of volatility."

More recently, investors say the unsettled global backdrop has added to the problem by making individual stocks more volatile as traders are forced to assess how specific companies might be impacted by tariffs. A study from Goldman Sachs Group Inc showed that 74% of the S&P 500's returns have been driven by micro factors like earnings over the last six months, well above an average of 58% in the past two decades.

Friesen and his brokers have tried to buy tech stocks beyond megacaps such as Nvidia Corp and Apple Inc, only to find that trading was thin, causing share prices of stocks they were targeting to run up. Rather than paying up, they waited until they found a better offer.

Derek Maupin, co-portfolio manager of the Hodges Intrinsic Value Fund, said his firm planned on snapping up battered small-capitalisation stocks last month, but liquidity was scarce, due in part to tariff-fuelled stock moves.

"We have to wait longer to execute an order until there's better liquidity in certain instances. We also need to be more flexible when exiting positions now," Maupin said.

Ebb and flow: Of course, liquidity has typically ebbed and flowed throughout the years, even if the broader trend has been lower. Current conditions could ease — at least temporarily — if tariffs prove less severe than feared or economic worries dissipate.

Scott Ladner, chief investment officer at Horizon Investments, said liquidity will likely improve for both single stocks and S&P 500 futures as markets become more accustomed to tariff-related volatility.

"But until we get more details, it's going to be really challenging for traders," he said.

Banks sour on UK currency over economic risks from spending cuts

Bloomberg
London

Big banks are turning more pessimistic on the pound before the UK unveils its fiscal plan for the coming year, saying the risk of spending cuts and weaker economic growth forecasts dampens the currency's appeal.

JPMorgan Chase & Co and Banco Bilbao Vizcaya Argentaria SA are among the firms recommending investors buy the euro and sell sterling ahead of Wednesday's UK Spring Statement. They forecast the pound will fall to 85 pence per euro, the lowest since August, by the end of the next quarter.

UK Chancellor of the Exchequer Rachel Reeves is expected to announce cuts to public spending and more borrowing to meet her self-imposed fiscal rules. That, along with possibly weaker economic growth forecasts from the Office for Budget Responsibility, could support bets on further interest-rate cuts from the Bank of England and weigh on the pound's appeal.

"This will help to push the pound lower as there won't be any positive surprises in the statement," said Roberto Cobo Garcia, head of G-10 FX strategy at BBVA, who sees a risk of the euro-pound pair rising toward 0.8470 in the short term.

The gloomier outlook for the UK economy contrasts with hopes of stronger euro-area activity in coming years after Germany approved a historic plan to invest hundreds of billions of euros in defence and infrastructure.

The pound is down more than 1% versus the common currency this month, headed for its biggest loss since October.

"To the extent that UK fiscal concerns persist alongside spending cuts and growth disappointment, we think a weaker pound will be the main release valve," said Erik Nelson, a macro strategist at Wells Fargo.

These concerns could trigger a reversal in bets for a stronger pound versus the dollar, which have climbed to their highest since mid-November, according to the latest Commodity Futures Trading Commission positioning data. Sterling is up 3% against the greenback this month as the US currency weakened broadly on fears about a US economic slowdown.

Kit Juckes, head of FX strategy at Societe Generale SA, said investors' positioning on the currency "sits uncomfortably with the parlous state of the UK's public finances." He thinks the currency will fall against the euro as markets trim those bets.

Strategists are also pointing to looming US trade tariffs on April 2 as a factor that could weaken the pound in the short term. JPMorgan says that restrictions on UK exports would add to downside risks to the economy and weaken sterling. At the same time, Britain could face weaker demand from Europe, its biggest trading partner, if the region is also hit by US levies.

"If tariffs were to be delivered, we ultimately see it as worse for the pound given a growth hit additionally strains the fiscal situation and is ultimately more corrosive," JPM strategists including James Nelligan wrote in a note last week.

Big startup deals soar to $55bn, passing quarterly record

Bloomberg
Los Angeles

Startup acquisitions have boomed so far this year, capped by last week's massive $32bn deal for cybersecurity startup Wiz — a signal that Silicon Valley is optimistic about the Trump administration's antitrust policies, and that venture-backed companies may finally have a way to cash out.

There have been 11 startup sales of more than $1bn announced so far this year, cumulatively worth $54.5bn — a total that easily surpasses previous records for comparable quarterly totals, according to data compiled by CB Insights.

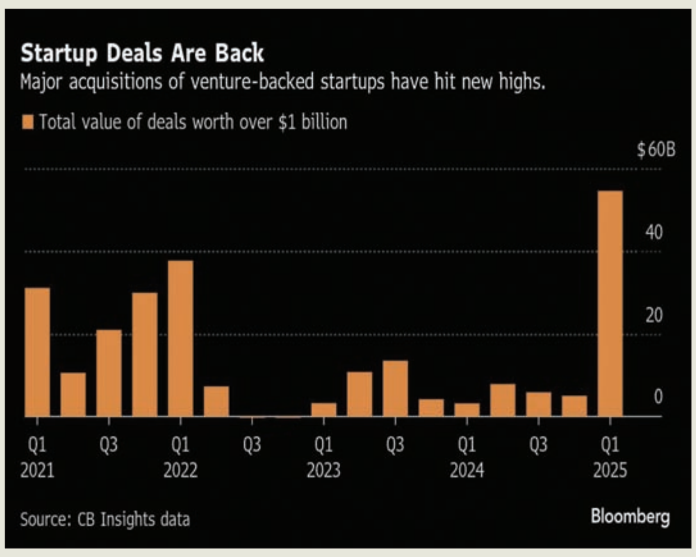
By contrast, in the first quarter of last year, there were only two startup acquisitions of more than $1bn, which together brought in just $3.2bn.

Google's agreement to buy Wiz marks the largest-ever deal for a venture-backed startup. The news came on the heels of a spate of other major announcements: This month alone, SoftBank Group Corp agreed to buy chip designer Ampere Computing LLC for $6.5bn, Scopely Inc agreed to buy Niantic Inc's gaming business for $3.5bn, and PepsiCo Inc made a deal to buy soda startup Poppi for almost $2bn. Artificial intelligence-related deals, in particular, have been on a tear. Earlier in March, CoreWeave agreed to buy AI business Weights & Biases for a reported $1.7bn and ServiceNow Inc said it would acquire AI firm Moveworks for $2.85bn.

"You're going to see a lot more things announced," said Matt Murphy, a partner at Menlo Ventures, who is on the board of two companies that were acquired recently, including Egynte Inc, which sold to private equity firms for a reported $1.5bn in February.

At one point there was a "mismatch between where the buyers thought the value was and where the sellers did," Murphy said. But because startup deals have been so scarce for so long, "It's easier to matchmake now."

The upswing in deals represents a major windfall for Silicon Valley investors — and a welcome relief from a multiyear drought that was weighing heavily on the industry. In recent years, IPOs and major startup deals ground almost to a halt, starving investors and employees of liquidity. Now, the environment looks different for a variety of reasons, industry watchers say.



In Wiz's case, the changing presidential administration played a role getting the deal done, a person familiar with the matter told Bloomberg. People close to the companies are hopeful that a Trump administration will take a more friendly approach to antitrust. Lina Khan, a famous critic of the tech industry is out as the Federal Trade Commission chair. Her replacement, Republican Andrew Ferguson, is expected to espouse a more pro-merger stance, despite his vows that the downsized agency still has the resources to take on Big Tech.

Michael Brown, a partner at Fenwick who was involved in the Wiz deal, said that one of the reasons for the uptick in acquisitions relates to an increasing number of tech IPOs expected in the second quarter. He said that when a startup has an IPO as an option, "it shifts the dynamics in the leverage," helping companies negotiate better sale prices. Brown added that the lack of deals in recent years means that "buyers have enough cash to spend." Wiz, for example, sold to Google in an all-cash deal.

It's now a "very vibrant climate for venture-backed M&A," said David Chen, head of global technology investment banking at Morgan Stanley, who also worked on the Google-Wiz deal.

He's predicting a wave of activity due to a number of different factors. In Chen's view, it's not Trump's stance on antitrust, but the recent uptick in volatility resulting from policies like tariffs that's made companies more eager to seek a buyer. "The sellers' willingness to transact has actually improved" because market choppiness has made startups nervous about IPOs, he said. Meanwhile, Chen added that the initial post-election stock market bump gave some "buyers confidence to do their dream deals."

Another driver of the M&A renaissance is the industry's fervour for AI, says Jamie Leigh, a partner at Cooley, who works with many of the largest tech companies. "Big buyers know they have to make inroads in talent" in order to obtain cutting-edge technology, she said. Leigh also cited an improved interest rate environment and said that the lack of activity in recent years means there's "pent-up demand."

Despite the uptick in sales, though, there are still more than 1,000 tech startups that have reached a valuation of more than $1bn, and haven't been able to sell themselves or go public, leaving them in a kind of limbo. For them, the return of startup acquisitions could be the difference between riches and ruin.

Lesha Bank acquires indirect stake in Edinburgh airport

Lesha Bank recently indirectly acquired a stake in Edinburgh airport, through an investment in an infrastructure-focused investment fund managed by a renowned infrastructure fund manager.
This investment aligns with the bank's strategic focus on resilient asset classes and marks its entry into the global infrastructure investment market.
This acquisition is also a key step forward in Lesha Bank's aviation strategy, following its recent successful acquisition of several aircraft leased to a leading airline. It further reinforces Lesha Bank's commitment to expanding its aviation and infrastructure portfolio, with the investment being structured by way of a Shariah-compliant financing arrangement.
Lesha Bank CEO Mohammed Ismail al-Emadi, commented: "This marks a significant milestone for us as we enter the global infrastructure investment market through investing in Edinburgh airport.
"As part of our infrastructure investment portfolio, we seek attractive investment opportunities that may drive long-term value. Our recent focus on aviation investments has been met with strong demand from our clients, given the sector's robust growth potential. This strategic collaboration with our business partners reinforces our commitment to delivering value for all stakeholders involved."
Lesha Bank LLC (Public) is the first independent Shariah-compliant Bank authorised by the Qatar Financial Centre Regulatory Authority (QFCRA) and a listed entity on the Qatar Stock Exchange.


Mohammed Ismail al-Emadi, Lesha Bank CEO.

Qatar banks lead GCC region with lowest cost-to-income, highest coverage ratios: KPMG

By Pratap John
Business Editor

Qatar banks continue to lead the region with the lowest cost-to-income ratio at 25.6% and the highest coverage ratio for stage 3 loans at 85.1%, reflecting strong financial resilience, according to KPMG.

In its 'GCC listed banks' results' report, KPMG noted that in Qatar's banking sector, Qatar National Bank's position has been reaffirmed as the largest bank in the GCC by assets, reaching $356bn.

The report highlights strong asset growth across GCC banks, supported by robust capital adequacy ratios. Profitability saw a notable increase, driven by higher interest margins and disciplined cost control, while net interest margins (NIMs) remained stable despite economic fluctuations.

Non-performing loan (NPL) ratios declined, reflecting prudent credit risk management, and cost-to-income ratios remained among the lowest globally, emphasising continued operational efficiency. Investor confidence has also been reinforced, with bank share prices showing stability in a volatile market.


Omar Mahmood, partner at KPMG in Qatar.

Across the GCC, profitability increased by 10.5%, driven by higher interest margins, lower loan impairments, and ongoing cost-efficiency measures, KPMG noted.

Total assets increased by 9.2%, supported by lending to high-quality customers. While net interest margins saw a slight dip of 0.1%, the overall NPL ratio improved, decreasing by 0.3% to 3.3%, signalling a continued conservative approach to credit risk management.

Return on Assets (ROA) (1.5% in 2023) slightly increased by 0.04% compared to the previous year reflecting stable profitability relative to asset growth.

Cost-to-income ratios remained stable compared to 2023 at 39%, reflecting the continued focus on cost reductions and operating efficiency. Moreover, the average coverage ratio for stage 3 loans remained broadly in line with prior year at 67%, highlighting the listed banks' cautious provisioning approach.

Looking ahead, KPMG predicts that the GCC banking sector will continue evolving with an increased focus on AI and automation to enhance operational efficiencies, alongside the strengthening of ESG frameworks to embed sustainability within banking strategies. The rise of regulatory technology (RegTech) is expected to support compliance and risk management, while further industry consolidation will likely foster stronger and more competitive financial institutions.

Additionally, balance sheet growth is projected to accelerate, driven by strategic investments and effective risk management, ensuring sustained financial stability and resilience.

Omar Mahmood, Head of Financial Services for KPMG in the Middle East, South Asia, Caucasus and Central Asia, and partner at KPMG in Qatar, commented, "The GCC banking sector remains a pillar of economic stability and growth, demonstrating resilience in the face of macroeconomic uncertainties.

The sector's ability to maintain strong capital positions, enhance asset quality, and embrace digital transformation underscores its commitment to sustainable progress.

"Looking ahead, we expect a continued focus on managing non-performing loans, cost control, and the integration of AI and ESG principles into banking strategies, ensuring long-term competitiveness and stability."

Former Quebec premier lauds Qatar's push for global influence as energy leader and cultural hub

By Peter Alagos
Business Reporter

Dr Philippe Couillard, the 31st Premier of Quebec, has lauded Qatar's move to reshape its international identity by expanding its role beyond a key player in the world energy market to positioning itself as a pivotal hub for social and cultural development on the global stage.

Couillard made the statement ahead of his visit to the country next month to lead a delegation of prominent Canadian high-tech companies in healthcare and diabetes-related diseases under the auspices of the Canadian-Qatari Business Forum (CQBF) and in collaboration with the embassies of both countries.

In a statement to *Gulf Times*, Couillard expressed his admiration for Qatar, which, he said, is leveraging its vast natural gas reserves and significant investments in the country's energy sector while simultaneously fostering an environment that nurtures artistic expression and cultural dialogue, citing Qatar Foundation (QF).

According to Couillard, it is encouraging to observe how Qatar has diversified from its thriving energy sector, particularly in the liquefied natural gas (LNG) industry, and utilises LNG-derived income for the socio-economic development of the nation.

"It is reassuring to see Qatar reinvest the wealth and resources generated by its energy industry, LNG in particular, into socio-economic development. In that context, I am particularly interested in the work of the Qatar Foundation, which was founded by His Highness the Father Amir Sheikh Hamad bin Khalifa al-Thani and led by Her Highness Chairperson of Qatar Foundation Sheikha Moza bint Nasser with a strong emphasis on education, culture, innovation, and the full participation of women in society," Couillard pointed out.


Dr Philippe Couillard, the 31st Premier of Quebec.

While this coming April would be his first visit to Qatar, Couillard emphasised that he is aware of the high quality of the country's healthcare system.

He also praised Qatar's economic transformation and efforts to bring peace to the region by taking on an intermediary role on the global stage. "During the following years, I followed with interest Qatar's rapid modernisation and the actions it has taken on the international scene as the country often positions itself as an energy superpower while acting as an intermediary to bring Israel and the Palestinian representatives to participate in diplomatic discussions, thus advancing the search for peace in the region. Since October 7, 2024, this has again been proven to be the case," Couillard stressed.

CQBF executive director Yasser Dhouib told *Gulf Times* that Couillard's upcoming visit to Qatar is a welcome development as the forum strives to enhance Canada-Qatar relations in a wide range of sectors, where Quebec's former First Minister's expertise is expected to play a crucial role.

Couillard first practised medicine, specifically neurosurgery more than 20 years ago, mostly in academic settings where I eventually became chairman of Surgery. He was also a consultant for Saudi Aramco Medical Organisation at the Dhahran Health Centre for five years, where he co-founded a neurosurgical service with Jordanian colleague Dr Mahmoud Karmi.

Couillard entered politics in 2003 and was first the Minister of Health for Quebec until 2008. He left politics for a few years but returned in 2013 as leader of the Liberal Party of Quebec. Subsequently, he became the 31st Premier of the province between 2014 and 2018.

He said, "During the interval between the two stages of my political career I also had interactions with the GCC region through my participation in the International Advisory Board together with Saudi Arabia's Minister of Health."

Couillard added: "During my career, I also acted as a consultant in many sectors beyond healthcare, such as public policy, environment, technology, and the combination of these areas in the broader topic of energy transition. I was involved with a UK-based battery manufacturing company and subsequently co-founded Eleqtrion, which specialises in energy storage with aluminium ion batteries."

Qatar meets 40% of total freshwater demand from desalination: Moody's

By Santhosh V Perumal
Business Reporter

Qatar meets more than 40% of its total freshwater demand from desalination, with significant government subsidies to cover production costs, according to Moody's, an international credit rating agency.

This reference was made in Moody's latest article 'Water management is a credit risk for one-third of sovereigns, many emerging markets', which otherwise found that the GCC (Gulf Co-operation Council) countries have been investing in water scarcity solutions since the 1980s, such as adopting desalination and wastewater reuse technologies to address extreme water stress.

In the case of Saudi Arabia, which is the world's largest producer of desalinated water by volume, it said most of its water supply came from non-renewable underground sources.

The UAE meets around 48% of its drinking water demand through desalination and continues to expand its capacity despite environmental costs, whereas Kuwait and Bahrain also rely heavily on desalination to address water stress.

Finding that mitigation efforts will be costly but reduce credit risks over long run; it said governments with strong water management policies and procedures, and financing capacity will be able to better manage the consequences of water stress and avoid associated credit pressures.

These are mainly GCC economies such as Bahrain, Qatar and the UAE, along with Singapore. Initiatives at the global level can also help address water management issues without putting too much of a burden on individual sovereigns' fiscal strength and liquidity buffers.

According to Global Water Intelligence, Qatar has made "significant" strides in its water security strategy by embracing seawater reverse osmosis (SWRO) desalination technology. In just seven years, SWRO has emerged as a key contributor to Qatar's municipal water network, providing over 48% of the country's potable water needs.

Qatar's National Environment and Climate Change Strategy (QNE), announced in 2021, recognises the need to rely on reverse osmosis as a sustainable technology in the region to produce more than 55% of desalinated water.

The Qatar National Vision 2030 also has a particular focus on reducing consumption, improving conservation, and on the circular water economy, highlighting the value of research, development, and innovation (RDI) in implementing the Sustainable Development Goals (SDGs).

Ras Abu Fontas A3 Seawater Reverse Osmosis desalination plant forms part of the Ras Abu Fontas Independent Water and Power Plant (IWPP) in south Doha. It has a capacity of 163MLD (million litres per day).

Umm Al Houl Power (UHP) is another IWPP located at Qatar Economic Zone in Qatar. It was built with an MSF (multi-stage flash) desalination unit with a capacity of 455MLD and with a SWRO plant with a capacity of 280MLD whose construction started in 2015.

QSE snaps five-day bear run as index gains 28 points

By Santhosh V Perumal
Business Reporter

Reversing the bearish trend of the last five days, the Qatar Stock Exchange (QSE) yesterday gained more than 28 points on the back of buying support from domestic institutions.
The real estate, telecom, consumer goods and banking counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.28% to 10,185.78 points, although it touched an intraday high of 10,211 points.
The foreign institutions were seen bullish in the main market, whose year-to-date losses truncated to 3.64%.
As much as 75% of the traded constituents extended gains to investors in the main bourse, whose capitalisation added QR1.85bn or 0.31% to QR598.29bn on the back of microcap segments.
The foreign individuals were increasingly net buyers in the main market, which saw as many as 0.03mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.07mn change hands across 10 deals.
However, the Gulf funds were seen net profit takers in the main bourse, whose trade turnover and volumes were on the increase.
The Islamic index was seen outperforming the other indices of the main market, which saw no trading of treasury bills.
The local individuals turned net sellers in the main bourse, which saw no trading of sovereign bonds.
The Total Return Index gained 0.28%, the All Share Index by 0.29% and the All Islamic Index by 0.62% in the main market.
The realty sector index shot up 1.19%, telecom (0.98%), consumer goods and services (0.68%) and banks and financial services (0.45%); while transport declined 0.84%, industrials (0.05%) and insurance (0.01%). Major gainers in the main market included Qatari German Medical Devices, Inma Holding, Estithmar Holding, QIIB, Mesaieed Petrochemical Holding, United Development Company, Barwa and Vodafone Qatar.
Nevertheless, Mekdam Holding, Dlala, Al Mahhar Holding, Beema and Nakilat were among the shakers in the main bourse. In the venture market, Techno Q saw its shares depreciate in value.
The domestic institutions' net buying increased significantly to QR34.89mn compared to QR10.54mn on March 25.
The foreign institutions turned net buyers to the tune of QR7.45mn against net sellers of QR23.89mn the previous day.
The foreign individual investors' net buying strengthened marginally to QR2.5mn compared to QR2.43mn on Tuesday.
However, the Gulf institutions were net sellers to the extent of QR21.76mn against net buyers of QR4.81mn on March 25.
The local individuals turned net sellers to the tune of QR12.86mn compared with net buyers of QR2.4mn the previous day.
The Arab retail investors were net profit takers to the extent of QR10.12mn against net buyers of QR3.12mn on Tuesday.
The Gulf individual investors turned net sellers to the tune of QR0.09mn compared with net buyers of QR0.59mn on March 25.
The Arab institutions had no major net exposure for the fifth straight session.
The main market witnessed a 7% jump in trade volumes to 135.03mn shares, 24% in value to QR390.16mn and 28% in deals to 18,834. In the junior bourse, trade volumes grew almost five-fold to 35,186 equities and value also by almost five-fold to QR0.1mn on doubled transactions to eight.

The real estate, telecom, consumer goods and banking counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.28% to 10,185.78 points, although it touched an intraday high of 10,211 points

The costly fallout from Heathrow Airport's substation fire

By Alex Macheras

Last week, Heathrow Airport — the busiest aviation hub in Europe — came to an extraordinary standstill. An external fire at the North Hyde electrical substation in Hayes, west London, triggered a power outage that crippled airport systems, grounded hundreds of flights, and disrupted global air travel. The event sent shockwaves across the aviation industry and exposed critical vulnerabilities in the infrastructure supporting one of the world's most important transport gateways.

The fire began on the night of Thursday, March 20, engulfing a transformer that contained more than 25,000 litres of insulating oil. The blaze continued well into Friday morning, requiring a major response from the London Fire Brigade. While the fire was not on Heathrow grounds, its location and intensity led to the failure of one of Heathrow's three key power sources. Crucially, this caused major systems to go offline across the airport — including those responsible for security, check-in, baggage, and boarding. The scale of the disruption led Heathrow to make the unprecedented decision to suspend all operations.

More than 1,300 flights were cancelled, impacting an estimated 250,000 passengers. From long-haul international services to short regional hops, the cancellations affected carriers across the board. British Airways, Heathrow's largest airline customer, bore the brunt of the chaos. So too did other airlines, many of which were left scrambling to find solutions for passengers already en route to London. Several aircraft were forced to turn back mid-air or divert to other airports. Qantas, for instance, had two ultra-long-haul services from Singapore and Perth headed to London that were rerouted to Paris. Passengers were eventually bussed to London, hours after their expected arrival. Other carriers diverted aircraft to Gatwick, Manchester, Shannon, and even as far afield as Amsterdam and Frankfurt, triggering a domino effect of operational challenges across multiple countries. Crew duty hours, aircraft rotations, and passenger welfare all became major concerns.

Inside Heathrow, the terminal environment was described as surreal. Screens went blank. Escalators and lifts stopped moving. Staff resorted to using megaphones to communicate with passengers. With systems down, many travellers were unable to retrieve their baggage. For hours, the airport operated in a digital blackout. And while the fire was extinguished within hours, the process of safely rebooting Heathrow's complex systems took much longer.

As the scale of the disruption became clear, anger from the airline community grew. The Heathrow Airline Operators Committee, which represents more than 90 airlines, issued a strongly worded statement warning that carriers would not pay for the losses incurred due to what they argue was Heathrow's failure to ensure system resilience. Industry insiders estimate the collective cost to airlines at well over £60mn — a figure which could climb further once compensations, diversions, crew costs and disruption to cargo operations are fully accounted for.

The immediate focus shifted to why Heathrow was so vulnerable to a single point of failure. John Pettigrew, Chief Executive of National Grid, pointedly told the media that two other substations supplying power to the airport remained operational throughout the crisis. "There was still power available to the distribution network companies and Heathrow," he said, suggesting the airport should have had the ability to switch power sources more swiftly. That claim triggered a war of words.

Heathrow hit back, stating that while alternative power feeds were available, safely rerouting the electricity supply across hundreds of interlinked and safety-critical systems was not something that could be done on the fly. Systems had to be brought back online methodically, they argued, to avoid potentially compounding the situation with wider technical faults. It was, the airport maintained, a case of prioritising safety over speed.

The public row between National Grid and Heathrow raised eyebrows across government, and an official investigation has now been launched into the resilience of Heathrow's energy infrastructure. Transport Secretary Heidi Alexander said she had ordered a comprehensive review, calling the situation "unacceptable" and expressing concern that a single incident could paralyse one of the UK's most vital assets.

In the midst of the crisis, Heathrow's leadership came under scrutiny. According to a report in The Sunday Times, Heathrow's Chief Executive, Thomas Woldbye, was not present during the early hours of the decision to close the airport. The report claimed he had gone to bed, delegating responsibility to the airport's Chief Operating Officer, Javier Echave. While Heathrow defended the move — noting that other members of the senior leadership had worked around the clock — the revelation sparked public debate about crisis management and the expectations of executive leadership in moments of national disruption. Asked about the matter, Transport Secretary Alexander refrained from direct criticism but said, pointedly, that she would have "struggled to sleep" had she been in his position.

Operational recovery began late Friday, and flights slowly resumed over the weekend. But the knock-on effects lasted for days. Aircraft and crew were out of position, passengers missed onward connections, and many travellers remained separated from their baggage for more than 48 hours. Some airlines had to fly empty aircraft to Heathrow simply to reposition their fleet. Others — including global long-haul carriers — were forced to cancel flights over multiple days due to lack of available slots, aircraft, or rested crew.

The episode has underscored the fragile balance that underpins the world of aviation. In an industry that relies on precision timing, any deviation — let alone a full-scale airport blackout — reverberates around the world. That Heathrow, an airport which handles over 200,000 passengers on a typical day, could be rendered inoperable by a single substation failure, has shaken confidence and exposed critical gaps in preparedness.

For passengers, it was a weekend of frustration, confusion and delay. For airlines, a financial and logistical nightmare. For Heathrow, a reputational blow and a sharp reminder that infrastructure resilience must be more than just a bullet point in a crisis plan. And for the UK government, a clear signal that greater oversight may be required over critical transport assets, even in the age of privatised infrastructure.

As the investigation unfolds, the aviation world will be watching closely. This was not just a bad day at the airport — it was a cascading system failure at the heart of global aviation. The question now is whether it was a one-off, or a warning.

■ *The author is an aviation analyst. X handle @AlexInAir.*

Aircraft face safety risks due to satellite navigation interference

By Pratap John

Aircraft rely heavily on satellite signals for real-time positioning, navigation, and timing. Any interference leads to inaccurate or lost location data, increasing the risk of mid-air collisions or near misses

Beyond the Tarmac

Aircraft rely heavily on satellite signals for real-time positioning, navigation, and timing. Any interference leads to inaccurate or lost location data, increasing the risk of mid-air collisions or near misses.

Recently, the International Civil Aviation Organisation (ICAO) and other global bodies have expressed "grave concern" over increasing incidents of interference with aviation, maritime and telecommunications services.

Multiple airlines reported GPS jamming and spoofing near conflict zones. Many aircraft have experienced position discrepancies, sudden autopilot disengagements, and deviations from flight paths.

These cases of harmful interference are in the form of jamming and spoofing that disrupt Global Navigation Satellite Systems (GNSS) operating in the frequency bands allocated to the Radio Navigation Satellite Service (RNSS).

"Radio Navigation Satellite Service interference can impact aircraft operations far beyond the immediate affected area, creating potential safety risks across multiple flight regions," remarked ICAO Secretary-General Juan Carlos Salazar.

"ICAO is fully committed to working closely with Member States to implement these protective measures through existing aviation safety frameworks and standards."

In a joint statement the International Civil Aviation Organisation (ICAO), International Telecommunication Union (ITU) and International Maritime Organisation (IMO) urged Member States to urgently enhance their protection of the critical radio-frequency band.

The joint statement identifies five key actions required from Member States:

1. Protection of RNSS from harmful interference affecting civilian and humanitarian operations

2. Strengthening resilience of RNSS-dependent navigation, positioning, and timing systems

3. Maintaining conventional navigation infrastructure for contingency support

4. Enhancing collaboration between regulatory, aviation, maritime, defence, and enforcement authorities

5. Implementing comprehensive interference reporting mechanisms

This initiative builds on ICAO Assembly Resolution A41-8/C, which urges States to ensure close collaboration between aviation authorities, military authorities, service providers, and spectrum enforcement authorities to protect Communication and Navigation Systems.

The Resolution specifically calls on Member States to refrain from any form of jamming or spoofing affecting civil aviation and to co-ordinate with air navigation service providers when military or security operations might affect civil aviation operations.

Industry analysts say without reliable RNSS, flight management systems may default to older, less efficient navigation methods, leading to longer routes and increased fuel consumption.

In such situations, pilots will struggle to maintain precise flight paths, particularly in areas with poor visibility. Another threat is that pilots and air traffic controllers will lose critical situational awareness, increasing the risk of mid-air collisions or near misses.

During low-visibility conditions, RNSS provides essential guidance for approach and landing. Obviously, interference compromise these operations, necessitating go-arounds or diversions. While alternative systems like Inertial Navigation Systems (INS) exist as a backup, they can possibly drift over time without RNSS calibration, analysts point out.

Aircraft may need to delay departures, reroute, or even cancel flights when RNSS interference is detected.

Inefficient routing caused by RNSS loss results in longer flight times and higher fuel costs, experts point out. Affected airlines will face additional expenses for investigating signal interference and ensuring aircraft systems are unaffected. RNSS underpins technologies like ADS-B (Automatic Dependent Surveillance–Broadcast).

Interference generally prevent accurate aircraft tracking by air traffic controllers, forcing them to manually manage aircraft separation and reroute flights, adding stress and reducing system efficiency.

Industry experts say some actors deliberately jam satellite signals for malicious purposes. Ground-based transmitters, faulty electronic equipment, or even solar flares can cause disruption. Cyberattacks that send false satellite signals have the potential to mislead aircraft systems. Clearly, RNSS interference poses severe challenges for airlines, from safety risks to financial losses.

Aviation regulators and airlines often deploy mitigation measures such as resilient navigation systems, interference monitoring, and pilot training for RNSS outages. Strengthening cybersecurity and using multi-constellation receivers also help reduce the risks.

■ *Pratap John is Business Editor at Gulf Times. X handle: @PratapJohn*

Airbus chief says goal of clean aviation by 2050 is at risk

Bloomberg
Toulouse, France

Guillaume Faury, Airbus chief executive officer.

The aviation industry is at risk of missing its goal of eliminating carbon emissions by 2050, the head of Airbus SE said, less than two months after the world's biggest planemaker delayed plans to build a hydrogen-powered commercial aircraft.

"I don't think we are wrong to pursue net zero by 2050," Chief Executive Officer Guillaume Faury said on Monday at a sustainability event at Airbus's headquarters in Toulouse, France. "Maybe it's going to take a bit more time, but let's not be shy in the ambition."

Aviation, which accounts for 2%-3% of global greenhouse gas emissions, is one of the toughest industries to decarbonise, given the technical and infrastructure challenges, safety requirements that slow significant design changes, and the decades-long lifespans of aircraft already in airline fleets.

Efforts to reach the net-zero goal hinge on two introducing two major changes — using sustainable fuels in current aircraft and developing new designs such as hydrogen powered planes. Airbus had set a goal of producing a hydrogen model by 2035 but in February said it will take longer.

On Monday, Faury outlined in greater detail the reasons for the delay. While Airbus can build the aircraft it's been working on, such a project wouldn't be commercially viable at scale, Faury said. The regulatory framework hasn't been developed, nor has progress toward production of enough clean hydrogen.

"We would be wrong to be right too early," he said. "The time is not right."

The delays with new aircraft mean reaching the net-zero goal is even more dependent on the production of cleaner aviation fuels. Those efforts have also seen challenges, with establishment of new plants lagging targets and President Donald Trump targeting clean-fuel subsidies for elimination.

"It's not just a question of technology. It's a question of will," said Bertrand Piccard, chairman of the Solar Impulse Foundation, who shared the stage with Faury. It's developing a hydrogen-powered aircraft with twin fuselages that was highlighted at the event.

Airbus hasn't said how long its own hydrogen project will take. Last month, French labour unions said they'd been told the aircraft's entry into service would be delayed by five to ten years.

The company remains committed to producing a hydrogen-powered plane that will be commercially competitive, Faury said.

"We are absolutely convinced that this is an energy for the future of aviation," he said. "But it's just more work to be done."

Airlines booking jet repairs years in advance shows supply pain

Bloomberg
Hong Kong

Components for an Airbus SE 330 aircraft at HAECO hangar in Hong Kong. Airlines are booking in their planes for maintenance years ahead of time in order to secure a slot as supply chain issues crimp the availability of crucial parts and servicing, the head of one of the world's biggest jet overhaul and engine servicing firms said.

Airlines are booking in their planes for maintenance years ahead of time in order to secure a slot as supply chain issues crimp the availability of crucial parts and servicing, the head of one of the world's biggest jet overhaul and engine servicing firms said.

Carriers "want security of supply. They want to know they've got a home for their aircraft" when it needs maintenance, Richard Sell, the chief executive officer of Hong Kong Aircraft Engineering Co, said.

Instead of the shorter three- to five-year maintenance and repair contracts typically common in the industry, airlines are now opting for 10-year-plus deals, Haeco says.

With commercial aviation expected to expand 3.8% annually over the next two decades according to the International Air Transport Association, airlines are jostling for the services of top-tier MRO (maintenance, repair and overhaul) firms.

The extended groundings of jets fitted with Rolls-Royce Holdings Plc and RTX Corp's Pratt & Whitney engines since the pandemic is only adding to the backlog.

Plane repair firms like Haeco are also seeing business rise as carriers seek to extend the life of their older planes, considering the long delivery delays at both Airbus SE and Boeing Co.

Haeco, which competes with Lufthansa Technik AG and ST Engineering Ltd, booked record sales in 2024, with revenue of HK$21.6bn ($2.8bn). "We're as full as we can be in almost all of our businesses," Sell said in an interview, noting Haeco's peers are in a similar position.

Some carriers are taking matters into their own hands.

British Airways is purchasing a jet hangar from Boeing to make room for unscheduled repair work while Ryanair Holdings Plc is looking to set up its own engine maintenance shops. Thai Airways International Pcl and local rival Bangkok Airways Pcl have said they plan to pair up on aircraft maintenance opportunities.

With demand for MRO services so strong, Haeco expects a "significantly" better year ahead. "If 2024 was largely an activity story, getting up to where we needed to be post-Covid, 2025 is going to be more around productivity and efficiency to drive those incremental benefits," Sell said.

Haeco, a subsidiary of Swire Pacific Ltd, will next year open the world's largest single-span hangars in Xiamen as part of a $550mn investment in China. The outlay will replace an existing base the firm had in Xiamen and mean Haeco will be capable of handling 12 widebody aircraft and six single-aisle jets in its facility at any one time.

Haeco services some 140 airlines globally including Cathay Pacific Airways Ltd. and United Airlines Holdings Inc.